The Collinson Group Limited

(formerly Collinson Investments Limited)

Annual report and financial statements

For the year ended 30 April 2019

Registered number: 11141096

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Strategic Report

The directors present the strategic report for the year ended 30 April 2019.

Chairman's Statement

Record-breaking year of growth

Collinson achieved revenues of over a billion pounds for the first time in the company's history, and I'm pleased to highlight that for the second year running, Collinson featured in the Sunday Times HSBC International Track 200, ranking Britain's mid-market private companies with the fastest-growing international sales. Revenues of £1.01bn in the year represent a 24% increase over the previous year, with underlying 2019 operating profit of £34.5m also representing the strongest performance to date, 231% above previous year. Strong performance in the year is driven by organic growth, led by take-up in key Travel Experience products, alongside the expansion of acceptance within airport lounges across all products. This was supported by additional lounge options which gave members more opportunities to acquire products and services at the airport that cater to their individual needs, while investments in our Priority Pass app and website enabled Members to have access to airport discounts across the world and enriched pre-flight experiences through specially negotiated offers at hundreds of retail, dining, spa and airport services.

Business transformation

This year has seen the successful embedding of the new operational structure and branding implemented last year, which brought together our Loyalty, Travel Experiences, Insurance and Assistance businesses under a single Collinson umbrella. This has allowed us to give clients easier access to our breadth of expertise, increasing the value we can deliver to them. The unified approach has supported the delivery of our growth plans, while enhancing employee career development with the opportunity to work across divisions and geographies. Furthermore, we completed a group reconstruction at the beginning of the year which created a new UK ultimate parent company and three intermediate holding companies; one to focus on the running and development of proprietary airport lounges, another to operate and manage the Travel Experiences, Loyalty, Insurance and Assistance businesses and one which would focus on strategic investments in technology and partnerships. This new structure enables us to better allocate resources and focus on the businesses and activities within each sub-group.

Strategic partnerships for long-term success

Innovation has always been at the heart of Collinson and we have a long and proud history of developing best-in class long term partner relationships to further enhance the products and solutions we offer to our clients. In return, these partners receive support in terms of accelerated roll out, leveraging our global footprint and relationships to expand into new markets. In traditionally fragmented sectors such as travel, building networks of investments and partners will be critical to long term growth and success. Collinson made a significant investment and took a seat on the Board of Grab, an airport e-commerce platform which focuses largely on food and beverage take-out, providing mobile order-ahead capabilities at airports across the UK and US which allows travellers to skip the queue at the airport.

As part of its commitment to the communities it serves, Collinson also became an official partner of the London Mayor's International Business Programme.

Strategic Report

Chairman's Statement continued

Our Strategic Framework
Our strategic framework is to bring together our core competencies around consumer travel experiences and assurance, advances in payment platforms and innovation in customer relationships to drive growth and enhanced performance for some of the world's best known brands and deliver a better consumer experiences. This framework is supported by a number of key strategic objectives which are described below.

Strength in breadth: Improved collaboration across the Group is core to our success in delivering brilliant customer experience, along with investment in an operating model that supports our teams in leveraging benefits from our diverse breadth of capabilities and expertise in order to add value to our client relationships and drive growth. We are continuing to invest in a number of large transformation projects centred around data and collaboration technologies, as well as a focus on agile delivery across the business, enabling us to better respond to the changing needs of our clients.

Focus on robust market fundamentals: The evolution of the global market for both the travel and financial services areas continues to provide opportunities for growing our business. The demand from businesses to influence the behaviour of their customers continues to evolve, with technology enabling greater capacity to capture, analyse and respond to consumer data. Collinson looks to expand and leverage our global client base to explore new partnership opportunities in these areas.

Leverage our global footprint: Our global footprint and expertise is a recognised strength of Collinson. Our 21 offices across Asia Pacific; the Middle East, Africa and India; the Americas and Europe gives us economic stability as well as access to growth opportunities, unique insight and in-market experience within a range of leading markets. We will continue to leverage our global presence which provides a robust base to expand the reach of our existing business areas more deeply into existing territories and to target growth opportunities.

Retain financial independence: As a privately held business, we are able to make long-term investments in product development to support our clients' aspirations without the restrictions and challenges faced by public ownership. We believe that not being dependent upon external investors gives us better flexibility and enables us to be highly responsive when developing solutions to meet our clients' needs. This enhances our ability to invest with a long-term view and gives us the freedom to move quickly when opportunities arise, underpinning our long-term success.

Our culture and people
The Collinson business culture continues to evolve in order to meet the changing expectations of our clients and our people, both of which are integral to our success and a central feature of our company strategy. There has been a significant investment in supporting the health and strength of our culture as we focus on embedding new efficient ways of working with a focused mindset of continuous improvement. We have introduced a broad suite of technology solutions to make it easier for our people to succeed and overcome traditional business hurdles such as collaboration, communication, performance improvement and professional growth.

Strategic Report

Chairman's Statement continued

We now have a variety of employee-led internal networks to support our diversity and inclusion agenda and have established a framework to ensure we continue to benefit from the value that having a diverse range of talent brings. Our recruitment practices now include specialist tools to help filter out the potential for bias in the hiring process, as well as diversity and unconscious bias training for hiring managers to ensure we recruit a diverse range of people with the right skills and cultural fit.

As of September 2018, we have 45% female representation in senior management. However, the gender pay gap remains an area of focus for Collinson, with women's pay (based on the mean) 28.3% lower in 2018 than men's pay for all UK-based employees. Collinson recognises this and we are working with our Chair from the global Women in Collinson network in the analysis and review of our data to ensure full transparency and have action plans to address the main areas of concern.

Our commitment to Corporate Social Responsibility continues to increase through our desire to make a positive impact on the people and communities in which we work. Our special relationship with the Royal Foundation continues to go from strength to strength and we continue to maintain a clear focus on supporting mental health and wellbeing, as well as the professional development of young people coming from disadvantaged backgrounds. We have also been using our skills and expertise to support an innovative charity called Shout, a counselling helpline that provides free, confidential support, 24/7 via text. It is the first free 24/7 texting service in the UK for anyone in crisis anytime, anywhere.

Well positioned for future growth

With the new operational structure embedded, we remain confident in our ability to deliver sustained revenue growth in the years ahead. The continued investment in the development of our people, assets and technology across the Group has been vital in driving the success of our business to date and will continue to be fundamental in the growth of the business going forward. We also expect to see continued benefits from the new organisational structure which enables us to capitalise on potential regional opportunities, both in existing and emerging markets for years to come.

Strategic Report

Managing Risks

The risk profile of the Group varies across our diverse range of businesses. Our geographic reach also exposes us to a wide range of political and economic environments. In managing our risks, we do not intend to eliminate the risk but to provide a structure where we are able to identify and respond effectively and appropriately to current and emerging risks, against our risk appetite. The following list highlights some of the principal risks identified by the Group, although emerging or less material risks are also monitored and mitigated as necessary.

Risk	Mitigation
Margin Pressures Upward pressure on pricing from suppliers and partners, coupled with exchange rate volatility, could negatively impact profitability.	Dedicated partnership and procurement functions are embedded in the organisation to ensure Collinson achieves maximum value, price and service in the deals for which it signs up to. Foreign exchange volatility is partially mitigated through the Group's geographic and sector diversification. Group Treasury monitors currency movements and where appropriate foreign currency contracts are entered into to hedge our exposure and help minimise the impact of these fluctuations.
Brexit Uncertainty over the exact nature of the UK's departure from the EU, including the existence and length of any transition period, has created greater uncertainty and legislative risk.	The Group continues to monitor the potential impact of Brexit, given that the exit date has been extended and is still uncertain. Exposure to Brexit risk is partially mitigated by the Group's global geographic spread. In addition, the Brexit mitigation plans for the Group's regulated businesses were fully completed during 2019, providing considerable shelter from any impact of a no-deal exit. This included establishment of an EU-based entity to conduct the business of the regulated entities in the EEA. Nonetheless, the business continues to monitor developments and react accordingly, although much uncertainty still remains.
People Inability to attract, retain and develop the right people and skills required to deliver our strategic objectives.	The Group is taking proactive steps to identify and retain key talent and ensure we have the right skills and experience in the right places to manage our businesses. This is supported by employee engagement activities and surveys, and training to strengthen the commitment of our people.

Strategic Report

Managing Risks continued

Risk	Mitigation
Cyber security Threat of phishing, hacking, viruses or unauthorised data breaches; and unintentional loss of controlled data by authorised users.	A dedicated Cyber Security team monitors our information security risk and conducts regular employee awareness training. New oversight processes are also being rolled out to ensure the various divisions and functions are complying with group policies and standards designed to minimise the security risk from materialising. The ongoing upgrade of our infrastructure also helps mitigate these risks.
Insurance Inadequate pricing and/or underwriting of insurance policies, coupled with claims being materially different to expectations.	The insurance business has a diversified portfolio by type of risk accepted in order to reduce the volatility and impact of the risk. The majority of claims are in the personal health and assistance market, which tend to be less material. The Insurance division also has control mechanisms to mitigate against the risk of higher than expected claims costs.
Business transformation Transformation programme is not adequately planned or managed; key outcomes and strategy is unclear to the wider business; excessive pressure on key individuals to deliver.	The Group has a defined roadmap in place for the business transformation, which is reviewed regularly by senior leadership in the businesses. There are enhanced internal communication channels that have been rolled out during the year to improve engagement and enable the strategy to reach a much wider audience, so that it is understood by the whole organisation.
Competition Risk Collinson faces competition threats from existing and new market operators that could impact medium and long-term performance.	Collinson offers unparalleled service and synergies as a group with a unique set of product offerings, which partially mitigates the risk. In addition, the Group's strategy team monitors potentially disruptive competitor activity on an ongoing basis, to enhance resilience to competitor threats. .

Strategic Report

CFO Report

2019 has been a record-breaking year for Collinson, with Group revenues exceeding a billion pounds for the first time in the Group's history. The Group's revenues grew 24% (23% in constant currency) from 2018, driven by another period of significant growth in our Travel Experiences businesses. This division continues to be our largest generator of revenues, and the business has seen growth across all regions during the year supported by the increased take up in both our Priority Pass and LoungeKey products. Our Insurance and Assistance division also continues to drive robust revenue growth, with the full benefit of the new business secured at the end of the last financial year now being seen. Loyalty revenue growth in the year has been notable and we remain confident on the future growth of the division and expect to see the full benefit of significant client wins near the end of fiscal year 2019 coming through in the next financial year.

Gross margin for the group has remained stable at 17%, as whilst there has been a focus on cost containment across the group there has been some adverse impact from FX movements and anticipated higher cost bases for new business still being on-boarded at end of the 2019 financial year. Operating profit saw exceptional growth during the year, increasing by £30.0m to £38.5m and driven by the strong trading performance across the Group.

Underlying operating profit

To present trading performance in a consistent manner year-on-year our statutory operating profit has been adjusted to exclude certain non-trading items, including fluctuations in realised and unrealised foreign exchange movements and other one-off costs.

Underlying operating profit	2018-19 £'000	2017-18 £'000
Operating profit (as reported)	**38,480**	8,450
Non-underlying profit items		
Foreign exchange (gain)/ loss	**(4,298)**	1,450
Restructuring cost	**329**	-
Goodwill impairment	**-**	520
Underlying operating profit	**34,511**	10,420

	%	%
Reported operating margin	**3.8**	1.0
Underlying operating margin	**3.4**	1.3

Finance income and expense

Net interest payable was flat from 2018, as increased interest payable on the higher average borrowings on the RCF to support our growing business during the year was offset by higher interest income on investments benefiting from higher interest rates available. Net finance expense also includes a net fair value loss on forward foreign exchange contracts of £2m.

Strategic Report

CFO Report continued

Taxation

The current year's effective tax rate is 21.02% based on profit before tax of £38.5m. The US business continues to make a significant contribution to group profits and the benefit of reduction in the US federal income tax rate for the full year is reflected in a reduction in the overall tax charge. The other countries contributing to the profit mix are UK with a statutory tax rate of 19% and Hong Kong with a statutory rate of 16.5%. The lower statutory rates, increase in claims for tax allowances and recognition of certain deferred tax assets in the UK has resulted in a lower effective tax rate for the group.

Cash flows

Cash and cash equivalents increased by £29.9m (excluding the effect of foreign exchange rate changes) to £130.5m in the year. Net cash generated from operating activities was £37.3m, up £34.1m from 2018, which is in line with the increase in operating profit. Net cash used in investing activities increased by £12.7m to £14.3m, the majority of which related to capital expenditure (£11.4m) to support the expansion of our airport lounge network and the final stage of the planned investment into the IT systems and infrastructure in our Insurance and Assistance businesses. During the year we also entered new joint venture arrangements, these were principally arrangements relating to the operation of airport lounges. We also invested an additional £3m into longer term deposits during the year. Net cash from financing activities was £6.6m, reflecting our planned drawdowns on the RCF to support the significant growth of the Group. Cash and cash equivalents include fiduciary funds of £45.4m (2018: £28.7m) held on behalf of clients, primarily within our Insurance and Assistance businesses. These funds are not available for use by the Group.

Financing

The Group uses a multi-currency revolving credit facility to manage liquidity. During the financial year the Group renewed its existing agreement and increased its available funds to £30m, of which £18m was drawn down at the end of the year. Subsequent to the year end the Group extended the facility to £50m in order to support the planned strategy for growth and expansion. Borrowings under the RCF are subject to typical financial and non-financial covenants applied to this form of debt that are tested on a quarterly basis. We monitor actual and prospective compliance with these on a regular basis and retain significant operating headroom under the covenants.

Foreign Exchange Risk Management

As the Group operates globally it is exposed to fluctuations in exchange rates, most significantly to the US Dollar and HK Dollar. A large portion of these exposures are hedged naturally as revenues and expenses are generated in local currencies. The Group also enters into foreign exchange forward contracts in accordance with our risk management policy to hedge forecasted currency requirements. At the 2019 balance sheet date, the Group has hedged a proportion of forecasted commitments, primarily to mitigate exposure in fluctuations in the US Dollar.

Strategic Report

CFO Report continued

Five Year Performance

	2018-19 £'000	2017-18 £'000	2016-17 £'000	2015-16 £'000	2014-15 £'000
Revenue	**1,013,737**	816,439	625,833	419,407	352,417
Gross profit	**175,915**	139,079	118,080	97,629	91,279
Operating profit	**38,480**	8,450	16,486	8,010	5,657
Foreign exchange gain/(loss)[1]	**4,298**	(1,450)	4,449	(1,562)	(3,068)
EBITDA	**45,389**	15,655	21,949	12,544	9,424
Cash and cash equivalents	**130,502**	98,829	92,218	72,368	74,229

	%	%	%	%	%
Gross Margin	**17**	17	19	23	26
Operating Margin	**3.8**	1.0	2.6	1.9	1.6

[1] *Included in operating margin*

Strategic Report

Our Divisions

Travel Experiences

The Travel Experiences division once again saw a period of high growth in 2019, with double digit revenue growth continuing the trend we achieved in previous years. We generated strong positive growth across all products and regions; with the US reporting particularly strong performance levels. Asia Pacific growth tailed off in the back half of the year driven by client attrition however the underlying growth in the region remains strong.

Our transformation plan has picked up pace and is progressing well with continued activity to overhaul the lounge access proposition. This focusses on refining core features that improve the existing product, as well as providing new membership options for lounge and travel-related services. We are pleased to have experienced exceptional growth in digital engagement of travellers as programme usage grows worldwide, as well as the increased usage of non-lounge experiences. We expect to enter next year with a new technical platform that will enable effective and efficient deployment of future product development and feature enhancements.

The growth in take-up across both Priority Pass and LoungeKey has continued alongside the expansion of acceptance within airport lounges across all our products. An additional 155 locations were added over the year, with Priority Pass now accepted in over 1,280 locations worldwide, while available lounges now exceed 1,020 for LoungeKey.

Moving forward, we remain focused on continuing to ensure that Priority Pass remains the number one Travel Experiences brand; through increased focus on the end consumer, as well as enabling our clients with additional ways to benefit from our products and services.

Airport Dimensions

To meet the rapidly changing needs of travellers, Airport Lounge Development, Collinson Group's airport lounge arm, has changed to Airport Dimensions. This change allows us to deliver even greater value by exploring new dimensions in travel experiences designed around the traveller. In the 2019 financial year Airport Dimensions continued its strong double-digit growth in profits and revenues. The business had another year in which it delivered strong organic growth across its network of 18 lounges. Looking forward, a strong pipeline of new lounge openings is scheduled over the next 12 months including regional expansion into the Middle East and Asia.

Insurance and Assistance

We continued to make progress in consolidating, simplifying and modernising our insurance operations. In particular, we have completed the build of our first international private medical insurance (iPMI) claims products on our new platform and plan to start migration in the next financial year. More importantly, we are now using the foundation created to digitise and automate parts of our customer journey, which is offering our customers choice of channel throughout their claims journey and empowering our claims staff to reduce the end-to-end cycle time which lowers cost and increases customer satisfaction.

We have successfully absorbed the increase in scale driven by our key client wins noted at the end of the previous financial year with Saga and easyJet, and have continued to drive good levels of customer satisfaction throughout this growth.

Strategic Report

Our Divisions continued

Insurance and Assistance continued

This growth, along with a focus on containing costs and good underwriting disciplines has resulted in underlying improved financial performance. Existing key clients have all been retained and our direct business, Columbus, has also grown particularly in Italy.

The decision of the UK to exit the EU was of significant note and risk to our Insurance business, which utilised the passporting regime to cover our EEA clients and customers. We enacted our plans to establish appropriate EU based businesses early in the financial year and accelerated these as the prospect of transitional arrangements became at risk. As a result, we have operations in place via two legal entities in Malta that enable us to write insurance business directly and via third party underwriters, and we began the transition of most EU customers ahead of the initial Brexit deadline of 29th March. This was a significant activity and focus for the business in this last year. However, whilst the impact of Brexit on the economy and travel patterns remain risks in focus, we consider we have effectively countered the most significant Brexit risk through our actions.

Our Assistance business has continued to maintain its focus on key third party clients, developing a joint venture with Drum-Cussac to provide combined security and medical services to corporate clients. This has greatly increased the available market of clients to target, and early signs at the end of the financial year were positive in terms of new client acquisition. We have also strengthened the team in Assistance with new leadership and senior medical hires.

The primary focus for the next financial year is on: continuing to drive customer and efficiency benefits from our operations; retention of key clients; and growth in the core Travel, IPMI and Assistance business, with a healthy pipeline in all these areas.

Loyalty

Over the past year we have built on our unification process bringing together the services and solutions from Collinson Latitude, ICLP and Welcome Real Time to make our Loyalty division one of the best qualified loyalty companies in the world, enabling us to help clients create broader Loyalty strategies and programmes.

In today's market insight is critical and our combined structure is helping clients to access and utilise our broader data capabilities, delivering strategic analysis and insight to evaluate member engagement, commercial performance and lifetime value based on their transactional and non-transactional activities. This capability informs our product development plans and enables clients to access the expertise and value we are uniquely placed to deliver, whilst demonstrating long term return on investment and commercial performance.

Our Financial Services proposition has had a strong year with a number of new Tier 1 and Tier 2 Banks in APAC and the Middle East as we extend our resource capability to manage more business around the world.

Alongside this, our Loyalty Commerce function continues to grow using our best in class earn and redemption platforms where we continue to innovate in terms of user experience and technical integrations. We have upgraded our SmartRedeem product to Magneto 2 and this is helping fuel further growth with new clients including Velocity in Australia, implemented within 3 months and driving good revenues from launch day. Such innovation along with 'Headless' for SmartEarn is helping to create greater relationships with our existing clients as well as enabling us to win more new business.

Strategic Report

Our Divisions continued

Loyalty continued

Across the Loyalty division, our data analytics remains a strong growth area, and over the coming years we will continue strategic investment in both tools and expertise. Beyond data, our agency business has designed several innovative loyalty programmes based around customer experiences, harnessing our own technologies alongside a deep understanding of customer behaviours.

Collinson Investments

In line with the group strategy to fast track new propositions, diversify revenue streams and build a seamless traveller experience the company invested heavily in the year through shareholder and investment agreements via the Collinson Investments arm of the business. Some of the significant investments included: Grab, Inflyter and Affinity Solutions.

Grab is a platform that responds to fundamental changes in travel purchase behaviour by allowing travellers to pre-order food at airports via a mobile app and other digital channels such as self-order kiosks. It offers an easy and convenient on-the-go service, expanding our customer reach globally, creating a point of difference from key competitors.

Inflyter is another mobile platform for travellers that brings together the complete travel environment, regardless of the airline flown or airport visited. The app helps to bring a seamless travel experience for passengers, from flight-related information to transportation and airport services, duty-free retail offers and inMiles (Inflyter's brand-new loyalty programme). Of significance to the regular traveller is the ability to pre-purchase duty-free goods at the airport, providing a seamless experience while ensuring desired goods are available. Inflyter creates a network model to benefit airports, airport retailers and travellers alike. It creates additional turnover for retailers, and boosts ancillary revenue for airports and airlines, improving the profitability of pre-flight services.

Both Grab and Inflyter are important strategic investments in the end to end customer journey, ensuing that travellers can seamlessly access more relevant experiences as they travel and that clients and partners can better monetise the customer journey.

Collinson Investments Limited also entered into a business relationship with Affinity Solutions Inc. to work together to develop products geared to the mass affluent/affluent traveller (MAAT) customer segment. This is at the early stages of production but will give greater insight into the MAAT customer segment, helping to widen our product offerings within our target market and guiding future growth opportunities.

Developments with Affinity Solutions under pin the critical role that big data plays in the development and deployment consumer service solutions. Throughout the year, Collinson continued to invest in its state-of-the-art enterprise level data lake platforms. These provide fully secure but wider access to insight and data driven solutions that serve both internal and external clients and enhanced consumer propositions.

Strategic Report

Our World

Collinson culture

Collinson has a vast global footprint, operating in every continent and proudly employing a diverse workforce across a wide range of disciplines. Our people and clients sit at the heart of our company strategy, and our teams work globally with unifying focus to share our deep expertise in helping our clients to acquire, engage, retain and monetise customers. We continue to respond to the changing needs and expectations our people have of the modern workplace and remain committed to providing a great experience for them, where their talents are recognised and nurtured while supporting their well-being.

Collinson was built with an entrepreneurial and creative spirit, which is still a cornerstone of our business culture. We have strong company values, which play a key role in guiding how we do business and with the introduction of new communication platforms it is now easier for our people to connect and collaborate with one another, wherever they might work.

Protecting the environment

The Travel and Financial services industry are our main target sectors, both of which are increasingly stepping up their efforts to minimise their environmental impact. As a strategic partner to our clients, Collinson remains committed to playing an important role in supporting these aims and ensuring that we drive improvements in environmental and ethical practices throughout our own supply chain and activity. Each of our global offices is focusing on continuous opportunities to improve our sustainability efforts, ranging from the reduction of plastic waste to how we can maximise the use of technology to reduce the need for travelling between offices.

Supporting charitable activity

With our increasing focus on Corporate Social Responsibility we continue to support The Royal Foundation with a particular attention on Coach Core, an initiative supporting young people between the ages of 16 and 24, who have had a challenging start in life, to become the next generation of inspirational coaches. We are also supporting Heads Together, aimed at removing the stigma related to mental health, and providing business skills and expertise to support an innovative start-up called Shout, a counselling helpline that provides free, confidential support, 24/7 via text. Collinson embraces and supports a wide spectrum of charitable activity across the business, encouraging our people to fundraise and volunteer for causes close to their hearts. The appointment of our new Head of CSR and Employee Engagement represents an important step for the company as we begin to take a more strategic approach to making a genuine difference to the people and communities in which we operate.

Modern Slavery Act 2015

The company has issued a statement in compliance with the Modern Slavery Act which is available at www.collinsongroup.com. The statement sets out our policies for assessing the risk of modern slavery within our supply chain and the steps taken to improve transparency.

Strategic Report

Our World continued

Our people

Collinson operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. Our investment in new communication platforms has increased the flow of communication across the business and enabled a heightened ability to share company updates and encourage feedback and suggestions on opportunities to improve company performance or the experience we provide our people.

We have introduced a new performance engagement platform, which provides full visibility of individual objectives and how these contribute to the wider goals of Collinson. This is used to articulate key development areas and acts as a mechanism for giving and receiving feedback aligned to performance.

Strategic Report

The Board and Executive Management Team

Colin Evans, Chairman
Colin is the founder of Collinson Group.

Having built the company on innovation and entrepreneurial spirit, Colin is the driving force behind many firsts in the travel and loyalty arena. He launched the first independent global VIP lounge access programme, Priority Pass; Columbus Direct was the first company to sell direct travel insurance in the UK, and ICLP was the first dedicated international loyalty agency of its kind in the travel sector. He has also been recognised for being at the forefront of loyalty with awards such as Loyalty Magazine's Personality of the Year 2017 and the Loyalty Lifetime Achievement Mega Award in 2011.

David Evans, Joint Chief Executive Officer
David is our Joint CEO and has responsibility for leading regional execution of our global strategy, driving regional performance in line with local requirements while remaining true to our entrepreneurial spirit and global vision.

David joined Collinson in 2010 with accountability for our Insurance and Assistance divisions, having spent 15 years working within the London and international insurance markets. His career experience includes roles ranging from broking at Rattner Mackenzie Ltd, deputy underwriter for Kiln Ltd, as well as having spent five years as Managing Director of HCC Specialty Underwriters.

David's vision for the company remains the same: to adopt a fresh approach, grounded in best practice for the delivery of a superior customer experience to clients.

Christopher Evans, Joint Chief Executive Officer
Christopher is responsible for leading our global teams to deliver our business vision, strategy and commercial goals working in close partnerships with our teams across our four regions. He also leads research, product development, technology and marketing across the group

Having joined Collinson as a Director in 2013, his previous experience comprised 17 years with international marketing and management responsibilities at leading fragrance and cosmetics house, Coty International, for brands such as Calvin Klein, Davidoff, adidas and Rimmel, across regions including Europe, Russia, Africa, Middle East and North America.

Christopher continually challenges himself and inspires others to improve what we can do to deliver smarter client solutions and customer experiences.

Strategic Report

The Board and Executive Management Team continued

Mark Hampton, Chief Financial and Operating Officer

Mark joined Collinson in 2013 and is responsible for the financial management of the company, delivering operations and support services across its offices globally. Under Mark's stewardship, the finance community provides the governance necessary for the business to sustain its profitable growth and commercial goals.

Mark draws on his wealth of international experience with a successful 20-year track record in senior management positions. Prior to joining Collinson, he spent eight years at Bupa, initially as Group Treasurer in London and then as CFO of Health Dialog, a care management company based in Boston, Massachusetts. Mark has also held positions in a number of public companies and spent a period consulting with KPMG.

Mignon Buckingham, Corporate Strategy and Development Officer

Mignon is accountable for the development and management of Collinson's corporate strategy, providing business insight and setting our mid to long term company direction. She is responsible for maximising the utilisation of our existing assets, future investments and intellectual property to future proof our business amongst the ever-changing commercial landscape.

Mignon has worked for Collinson for over 20 years. As Managing Director of our global loyalty marketing agency expertise, formerly ICLP, she was responsible for more than 600 people globally whose focus was to create more loyalty and profitable relationships for clients. She also led the international expansion of our loyalty expertise into new territories. Before Collinson she previously held senior client relationships roles with BT and Hilton.

Steve Pinches, Chief Executive Officer – Airport Dimensions

Steve is accountable for Collinson's Airport Dimensions business. He works with partners across the globe to drive the aggressive growth of our own airport lounge business, as well as the ongoing expansion of our other airport infrastructure projects. This critically important part of our business ensures that we can continue to be masters of our own destiny and innovate within the ever-exciting airport space.

Steve joined Collinson Group in 1997 as Marketing Director for IAPA and Priority Pass, and was promoted to Global Managing Director in 2002. He continued to lead our airport lounge and travel membership programmes business for the next 15 years and enjoyed global revenue growth in excess of 500%. His vision is to continue to innovative in the airport space, creating exclusive experiences that Collinson can then make available to multi-national brands with a consistent service delivery, improving the experience of frequent travellers worldwide.

Denise Evans, Non-Executive Director

Strategic Report

Other Key Management Personnel

Other key management personnel at Collinson include:

Bertie Tonks, Director of People and Culture
Paul Caris, Chief Information Officer
Andy Besant, Director of Travel Experiences
Steve Grout, Director of Loyalty
Richard Coleman, Director of Insurance and Assistance and Europe Regional Director
Sheryl Pflaum, Americas Regional Director
Todd Handcock, Asia Pacific Regional Director
Dion Maritz, MEIA Regional Director

On behalf of the board

C R Evans
Director
15 October 2019

Cutlers Exchange
123 Houndsditch
London
EC3A 7BU

Directors' Report

The directors present their report and audited financial statements for the year ended 30 April 2019.

The Strategic Report on pages 2 to 17 forms part of this report. The group's principal risks and uncertainties, along with a description of how the group manages these, are set out within the Managing Risks section of the Strategic Report.

Group reconstruction

As further described in note 1, the Group was part of a group reconstruction on 2 May 2018. This group reconstruction resulted in the creation of The Collinson Group Limited as the new ultimate UK parent company to which all subsidiaries were transferred from the existing parent, Collinson International Limited. The group reconstruction did not result in any change to the substance of the consolidated financial statements presented for the Group, however there were a number of changes to realign Board membership across the Group.

Results and dividends

The audited financial statements are presented from page 24. The Company has paid a dividend of £410k for the year (2018: £1,510k). The Company has not recommended any further dividends.

Board of Directors

The directors are responsible for the good standing of the Company, the management of its assets, including the management of risk, and the strategy for its future development. There are 11 board meetings each year and other meetings convened as needed. Biographical details of the directors who currently hold office are set out on pages 15 to 16. The directors who held office during the year were also directors of the previous ultimate UK parent company in the prior financial year.

The directors who held office during the year, and to the date of this report, were as follows:
C R Evans
C J Evans (appointed 11 September 2018)
D Evans (appointed 11 September 2018)
D M Evans (appointed 11 September 2018)
M R Hampton (appointed 11 September 2018)
M L Buckingham (appointed 11 September 2018; resigned 26 July 2019)
S J Pinches (appointed 11 September 2018; resigned 26 July 2019)

Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, trade payables and bank loans. The main purpose of these instruments is to raise funds to finance the Group's operations. In respect of cash, liquidity risk is managed by actively monitoring balances and ensuring that funds are in place to meet liabilities as and when they fall due. Trade receivables are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade payables liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

A large portion of the Group's foreign currency transactions are denominated in US dollar. Foreign exchange risk is managed through the Group's policy of hedging a proportion of forecasted currency requirements through forward foreign currency contracts.

Directors' Report

Research and development

The Group is engaged in a programme of research and development in support of the products and services that it provides to its customers, as well as the IT systems used in the running of its businesses. Note 8 to the Financial Statements details the amount spent on research and development.

Post balance sheet events

As set out in note 33 of the Group financial statements the amount available under our revolving credit facility was increased from £30m to £50m in July 2019. Furthermore, in June 2019 investments in loan notes that were held by the Group, and recognised in other receivables as at 30 April 2019, were converted to equity and an additional investment made of $2.5m. Further details of these post balance sheet events are provided in note 33.

Employees

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the Group through a range of internal communication channels, in which employees have also been encouraged to present their suggestions and views on their experience and the Group's performance. Our aim is to facilitate a regular free flow of information and ideas. Employees participate directly in the success of the business through our company bonus structure, which we are continuing to drive through the hierarchical structure of the Group.

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training and specialist equipment is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, so far as is possible, be identical to that of a person who does not have a disability.

Disclosure of information to auditor

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

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the annual meeting of the board of directors for the reappointment of Ernst & Young UK LLP as the auditor for the ensuing year.

On behalf of the board

C R Evans
Director
15 October 2019

Cutlers Exchange
123 Houndsditch
London
EC3A 7BU

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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; 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of The Collinson Group Limited (formerly Collinson Investments Limited)

Opinion

We have audited the financial statements of The Collinson Group Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 35 to the consolidated financial statements, and notes 1 to 11 to the parent company 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and FRS 103 "Insurance contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 30 April 2019 and of the group's profit 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 below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Independent auditor's report to the members of The Collinson Group Limited (formerly Collinson Investments Limited)

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 20, 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.

Independent auditor's report to the members of The Collinson Group Limited (formerly Collinson Investments Limited)

Responsibilities of directors continued

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on 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.

Ernst & Young LLP

Michael Purrington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 October 2019

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Revenue	5	1,013,737	816,439
Cost of sales		(837,822)	(677,360)
Gross profit		175,915	139,079
Administrative expenses		(137,435)	(130,629)
Operating profit		38,480	8,450
Share of profit of joint venture	16	516	330
Profit on ordinary activities before interest		38,996	8,780
Interest receivable and similar income	6	512	1,082
Interest payable and similar charges	7	(2,744)	(993)
Profit on ordinary activities before taxation	8	36,764	8,869
Taxation	12	(7,443)	(4,911)
Profit for the year		29,321	3,958
Attributable to:			
Owners of the parent		29,038	3,766
Non-controlling interests		283	192
		29,321	3,958
Other comprehensive income:			
Net (loss) / gain on hedge of net investment in overseas subsidiary companies		(5,132)	1,994
Other foreign exchange translation differences		3,872	(3,922)
Taxation charge on income and expenses recognised directly in other comprehensive income	12	975	-
Other comprehensive loss for the year, net of taxation		(285)	(1,928)
Total comprehensive income for the year		29,036	2,030
Attributable to:			
Owners of the parent		29,753	1,838
Non-controlling interests		283	192
		29,036	2,030

The notes on pages 28 to 71 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 April 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Intangible assets	14	**13,373**	12,993
Property, plant and equipment	15	**12,402**	7,086
Investments	16	**1,982**	1,251
		27,757	21,330
Current assets			
Deposits with credit institutions	17	**18,005**	15,000
Trade and other receivables	18	**263,138**	236,377
Cash and cash equivalents	19	**130,502**	98,829
		411,645	350,206
Current liabilities			
Trade and other payables	20	**(350,553)**	(319,857)
Loans and borrowings	21	**(18,000)**	(10,000)
		(368,553)	(329,857)
Net current assets		**43,092**	20,349
Total assets less current liabilities		**70,849**	41,679
Non-current liabilities			
Other long-term liabilities	20	**(297)**	-
Provision for liabilities	22	**(963)**	(816)
Net assets		**69,589**	40,863
Capital and reserves			
Share capital	24	**200**	100
Retained earnings		**68,686**	40,343
Equity attributable to the owners of the parent		**68,886**	40,443
Equity attributable to non-controlling interests		**703**	420
Total equity		**69,589**	40,863

These financial statements were approved by the board of directors and authorised for issue on 15 October 2019

Director
C R Evans

The notes on pages 28 to 71 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 April 2019

	Share capital £'000	Retained earnings £'000	Total attributable to the owners of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 May 2018	100	40,343	40,443	420	40,863
Profit for the year	-	29,038	29,038	283	29,321
Other comprehensive loss for the year	-	(285)	(285)	-	(285)
Total comprehensive income for the year	-	28,753	28,753	283	29,036
Increase in share capital	100	-	100	-	100
Dividends paid	-	(410)	(410)	-	(410)
At 30 April 2019	**200**	**68,686**	**68,886**	**703**	**69,589**

At 1 May 2017	100	40,015	40,115	228	40,343
Profit for the year	-	3,766	3,766	192	3,958
Other comprehensive loss for the year	-	(1,928)	(1,928)	-	(1,928)
Total comprehensive income for the year	-	1,838	1,838	192	2,030
Dividends paid	-	(1,510)	(1,510)	-	(1,510)
At 30 April 2018	**100**	**40,343**	**40,443**	**420**	**40,863**

The notes on pages 28 to 71 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Net cash from operating activities	25	**44,153**	11,597
Taxation paid		**(6,888)**	(8,412)
Net cash generated from operating activities		**37,265**	3,185
Cash flows from investing activities			
Interest received		**346**	232
Purchase of intangible assets	14	**(3,825)**	(5,926)
Purchase of property, plant and equipment	15	**(7,619)**	(2,684)
Proceeds from disposal of property, plant and equipment		**7**	-
(Increase) / decrease in investments in joint ventures	16	**(188)**	790
Increase in investment in associates	16	**(27)**	-
Cash (deposited with) / withdrawn from credit institutions		**(3,005)**	6,000
Net cash used in investing activities		**(14,311)**	(1,588)
Cash flows from financing activities			
Interest paid		**(599)**	(457)
Drawdowns from revolving credit facility and other loans		**17,500**	11,500
Repayment of revolving credit facility and other loans		**(9,500)**	(2,475)
Repayments of obligations under finance leases		**(73)**	-
Dividends paid	13	**(410)**	(1,510)
Net cash generated from financing activities		**6,918**	7,058
Net increase in cash and cash equivalents		**29,872**	8,655
Cash and cash equivalents at the beginning of the year		**98,829**	92,218
Effect of foreign exchange rate changes		**1,801**	(2,044)
Cash and cash equivalents at end of the year	19	**130,502**	98,829

The notes on pages 28 to 71 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

1 General information

The Collinson Group Limited (formerly Collinson Investments Limited) is a private limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Cutlers Exchange, 123 Houndsditch, London, EC3A 7BU. The Collinson Group Limited (formerly Collinson Investments Limited) ('the Company') is a parent undertaking and therefore these consolidated financial statements present the financial information of the Company and its subsidiary undertakings (together referred to as 'the Group'). The Company's separate financial statements are set out from page 71.

Group reconstruction

On 2 May 2018 the Company was part of a group reconstruction which resulted in the transferred all of the assets of the former UK parent company, Collinson International Limited (formerly The Collinson Group Limited) to the Company. The merger was not prohibited by Company Law, the ultimate equity holders (Parminder Limited) remained the same and no there was no change to the controlling interests. Accordingly, the transaction was accounted for using the merger method of accounting, in accordance with the requirements of FRS 102 section 19. There has been no change in substance of the group and the comparative information is presented as if the Company had always owned the Group.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ('FRS 102') and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

3 Accounting policies

The principal accounting policies applied in the presentation of the consolidated and separate financial statements are set out below. These policies have been consistently applied to all years presented.

3.1 Basis of preparation

The consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The consolidated financial statements have been presented in sterling and rounded to the nearest thousand.

The preparation of financial statements requires management to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3.2 Going concern

The directors have assessed that the Group has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing the financial statements. For this reason, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

3.3 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings, together with the Group's share of the results of jointly controlled entities and associates, for the year ended 30 April 2019.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Accounting policies (continued)

Subsidiaries are included within the consolidation where the Company has control over such entities, thereby having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to apply the Group's accounting policies when preparing the consolidated financial statements. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity

Entities in which the Group holds an interest, and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures in the consolidated financial statements and are accounted for using the equity method. Entities, which are neither subsidiaries nor joint ventures, in which the Group has significant influence are treated as associates in the consolidated financial statements and are accounted for using the equity method.

Any subsidiaries, joint ventures or associates that are acquired or disposed of during the financial year are included up to, or excluded from, the consolidated financial statements from the date that the Company obtains or loses control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.4 Foreign currencies

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place. Income and expense items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss. Foreign exchange gains and losses that arise on the translation of monetary items that form part of a net investment hedge in a foreign operation are recognised in other comprehensive income and accumulated in equity.

(ii) Translation

The results of Group undertakings are translated into sterling at the average exchange rate for the year. The assets and liabilities of overseas entities are translated at the exchange rates ruling at the year end and exchange adjustments arising on retranslation are recognised in other comprehensive income.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for the sale of goods and the rendering of services in the normal course of business, net of discounts and other sales-related taxes. When the outcome of a transaction involving the rendering of services can be estimated reliably, the Group recognises revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting year. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied (a) the amount of revenue can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the Group; (c) the stage of completion of the transaction at the end of the reporting year can be measured reliably; and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Accounting policies (continued)

The Group recognises income from the provision of its principal services as set out below:

(i) Revenue from lounge visits is recognised at the point in time when the visit occurs;

(ii) Membership fees provide benefits to the customer evenly throughout the membership period. Consequently, revenue from membership fees is recognised on a time basis, straight line over the membership term;

(iii) Project revenue is recognised based on the level of work that has been performed to date under the project; thereby reflecting the progress of the project and the value of the work performed;

(iv) Platform fee revenue is recognised in the period to which the fee relates based on when the associated platforms are utilised.

(v) Insurance intermediary commission is recognised at the later of the inception date of the coverage or when the placement has been completed and confirmed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation; and

(vi) Insurance contract premium is recognised as described in note 3.17.

3.6 Network commissions payable

The Group sells its Travel Experiences products through a number of channels including large credit card networks. Where these products are sold through credit card networks the Group consider it is the principal in the arrangement, as it has the primary responsibility to deliver the products to the end customers where this entitlement has been secured by way of the credit card networks. The incentives provided to the credit card networks, based on the volumes of memberships and lounge visits sold by the Group, are recognised as a commission to the credit card networks for the volume of business they bring and are recorded in cost of sales.

3.7 Interest receivable and interest payable

Interest income is recognised as it accrues, using the effective interest rate method. Interest payable on loans is calculated using the effective interest rate method.

3.8 Taxation

Taxation expense for the year comprises current and deferred taxation. Current taxation is recognised for the amount of income taxation payable in respect of the taxable profit for the current or past reporting periods using the taxation rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred taxation is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future give rise to a deferred taxation liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in taxable assessments in years different from those in which they are recognised in the financial statements.

Deferred taxation is recognised when income or expenses from an interest in a joint venture have been recognised in the financial statements, and will be assessed to or allowed for taxation in a future period, except where: (a) the Company is able to control the reversal of the timing difference; and (b) it is probable that the timing difference will not reverse in the foreseeable future.

Deferred taxation is measured using the taxation rates and laws that have been enacted, or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The taxation

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Accounting policies (continued)

expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income taxation assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

3.9 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages, the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at the estimated amount where the consideration is probable and can be measured reliably. Where the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable, or contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, including separately identifiable intangible assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Goodwill recognised represents the excess of the consideration and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is amortised over its expected useful life (see note 3.10). Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged immediately to profit or loss.

In the Company's separate financial statements investment in subsidiaries are stated at cost less accumulated impairment.

3.10 Intangible assets

Intangible assets acquired separately from a business are initially recognised at cost, being the purchase price plus any directly attributable costs. Intangible assets acquired as part of a business combination are measured at fair value. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

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

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Accounting policies (continued)

Other development costs that do not meet these criteria are recognised as an expense as incurred.

Amortisation is charged on a straight-line basis to administrative expenses in profit or loss over the shorter of the useful life of the asset or the contractual or legal rights arising on acquisition. The useful lives are as follows:

Goodwill	5-10 years
Membership lists	10 years
Software Development costs	3-10 years
Acquired software	3-10 years

Intangible assets are tested for impairment where indication of impairment exists at the reporting date.

3.11 Property, plant and equipment

Property, plant and equipment are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged to administrative expenses in profit or loss, so as to allocate the asset's cost, less its estimated residual value, over its estimated useful life using a straight-line basis as follows:

Leasehold improvements	Shorter of useful economic life or remaining lease term
Computer equipment	2-3 years
Office Equipment	5 years
Furniture & Fittings	5 years
Motor vehicles	4 years

Property, plant and equipment are tested for impairment where indication of impairment exists at the reporting date.

3.12 Leases

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

Finance leases are capitalised at commencement of the lease as assets at the lower of the fair value of the leased asset or the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Finance leased assets are depreciated over the shorter or the lease term and the estimated useful life of the assets. The assets are tested for impairment where indication of impairment exists at the reporting date. The capital element of finance lease obligations is recorded as a liability on inception of the arrangement and payments under finance lease arrangements are apportioned between capital repayment and interest charge, using the effective interest rate method.

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

3.13 Impairment of non-financial assets

At each reporting date the Group reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Accounting policies (continued)

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss in administrative expenses. An impairment loss recognised for all assets, excluding goodwill, is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply. Impairment losses recognised on goodwill are not reversed in subsequent years.

3.14 Financial instruments

The Group has chosen to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' in full. The Group holds basic financial instruments, which comprise investments, cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings; and non-basic financial instruments, which comprise derivative instruments.

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Where a financial asset or financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally 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.

Financial assets – classified as basic financial instruments

(i) Investments

Investments comprise deposits with credit institutions. Investments are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(iii) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Accounting policies (continued)

At the end of each reporting period, the Group assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

(i) Trade and other payables

Trade and other payables are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

(ii) Loans and borrowings

Loans and borrowings comprise bank overdrafts and loans from related parties. These are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Derivative instruments – classified as non-basic financial instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates on US dollar and Euro denominated cash flows. Derivative financial instruments are initially measured at fair value at the date at which a derivative contract is entered into and are subsequent measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward foreign currency contracts is calculated by reference to forward exchange rates derived from market sourced data at the balance sheet date.

3.15 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that the obligation will be settled, and when that obligation can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

3.16 Retirement benefits

The Group operates a defined contribution pension plan for its employees. Contributions to the defined contribution pension plan are recognised as an expense when they are due. Obligations not paid are included within accrued expenses in the balance sheet. The assets of the plan are held separately from the Group in an independently administered fund.

3.17 Insurance contracts

Premiums written

Premiums written relate to business incepted during the year and due for payment, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified, less an allowance for cancellation. Written premiums exclude taxes or duties levied with premiums. Written premiums are reported gross of any commission payable to intermediaries, regardless of how that commission is remitted, reflecting the contractual arrangements in force.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Accounting policies (continued)

Unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis, or on the risk profile of the underlying contract.

Deferred acquisition costs

The Group's acquisition costs comprise commissions payable and other related expenses and are deferred over the period to which the related premiums are earned.

Claims incurred

Claims incurred comprise claims and related expense paid in the year and changes in the provision for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years.

Claims provisions and related reinsurance recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Group. The estimated cost of claims includes expenses to be incurred in settling claims. In calculating the estimated cost of unpaid claims, the Group uses a variety of estimation techniques, generally based on statistical analysis of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared to the cost of previously settled claims. A component of these estimation techniques is usually the estimated cost of notified but not paid claims. Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims. Provisions are calculated gross of any reinsurance recoveries.

Reinsurance

The Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance assumed are recognised as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Premiums on reinsurance ceded are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpired portion of ceded reinsurance premiums is included in reinsurance assets. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

4 Critical accounting judgements and key sources of estimation uncertainty

Judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

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

4.1 Critical judgements in applying the Group's accounting policies

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

(i) Development expenditure

Development costs are capitalised when they meet the criteria set out in the accounting note 3.10. Capitalisation of costs is based on management's judgement that technical and economic feasibility of completing the software development is confirmed, which is usually when a project has reached a defined milestone. In determining the amounts to be capitalised management makes assumptions regarding the expected future value and period of economic benefits of the assets and the discount rates to be applied. Development expenditure that has not met the criteria to be capitalised is included in note 8 to the consolidated financial statements.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Determining insurance contract liabilities

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position. Further details on the recognition of insurance contract liabilities are set out in note 34 to the consolidated financial statements.

(ii) Estimation of useful life

The depreciation charge for property, plant and equipment and amortisation charge for intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful life and residual values of assets are reviewed annually by management and have been amended as appropriate to reflect management's current estimate of economic utilisation and for property, plant and equipment, the physical condition of the assets. Refer to notes 3.10 and 3.11 for the useful economic lives for each class of assets.

(iii) Impairment of goodwill and other intangible assets

Management have assessed individual assets for indicators of impairment, considering external and internal sources of information. Where an indication of impairment is identified management is required to estimate the recoverable amount to determine if an impairment loss should be recognised.

(iv) Recoverability of receivables

Management estimates the recoverable value of receivables and establishes a provision for the amount that is estimated not to be recoverable. In assessing recoverability management considers the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers. Refer to note 18 for the carrying value of receivables.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

5 Revenue

An analysis of the Group's revenue by class and category of business is as follows:

	2019 £'000	2018 £'000
Rendering of services	**920,085**	733,328
Commissions	**22,062**	20,143
Gross earned premiums (note 34.2)	**71,590**	62,968
	1,013,737	816,439

An analysis of the Group's revenue by geographical market based on destination is as follows:

	2019 £'000	*2018* £'000
United Kingdom	**153,207**	142,396
Rest of Europe	**147,381**	137,647
North and South America	**548,357**	393,693
Asia excluding Middle East	**134,196**	119,037
Middle East	**24,550**	18,915
Africa	**3,393**	2,209
Australia	**2,653**	2,542
	1,013,737	816,439

6 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable on cash and cash equivalents	**169**	21
Interest receivable on deposits with credit institutions	**153**	111
Other interest receivable	**24**	100
Gain on derivative financial instruments measured at fair value through profit or loss	**166**	850
	512	1,082

7 Interest payable and similar charges

	2019 £'000	2018 £'000
Interest payable on bank loans and overdrafts	**589**	420
Interest payable on loans from related parties (note 30)	**10**	37
Finance lease charges (note 20)	**3**	-
Loss on derivative financial instruments measured at fair value through profit or loss	**2,142**	536
	2,744	993

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

8 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2019 £'000	2018 £'000
Amortisation of intangible assets	**3,498**	3,795
Depreciation of property, plant and equipment	**2,895**	3,080
Impairment of goodwill	**-**	520
Loss on disposal of property, plant and equipment	**50**	-
Restructuring	**329**	-
Operating lease rentals	**8,417**	7,064
Research and development expense	**3,028**	7,060
Foreign exchange (gain) / loss	**(4,298)**	1,450

9 Auditor remuneration

An analysis of the auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the parent Company and Group consolidated accounts	**134**	110
Fees payable to the Company's auditors and their associates for:		
- The audit of the Company's subsidiaries	**789**	470
- Audit-related assurance services	**75**	57
Fees payable to other auditors for audit of overseas subsidiaries	**32**	142
	1,030	779

10 Staff costs

The average monthly number of employees (including executive directors) was:

	2019	2018
Production	**689**	693
Sales and marketing	**358**	283
Administration	**1,035**	923
	2,082	1,899

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	**98,693**	81,559
Social security costs	**8,247**	7,288
Other pension costs	**3,137**	2,686
	110,077	91,533

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

11 Directors' remuneration

	2019 £'000	2018 £'000
Emoluments	**3,338**	3,145
Pension scheme contributions	**49**	48
	3,387	3,193

The number of directors who:

Are accruing benefits under members of a money purchase pension scheme	**Nil**	2

	2019 £000	2018 £000
Remuneration of the highest paid director:		
Emoluments	**890**	887
Pension scheme contributions	-	-
	890	887

12 *Taxation on profit on ordinary activities*

The taxation charge comprises:

	2019 £'000	2018 £'000
Current taxation on profit on ordinary activities		
UK corporation taxation	**2,752**	334
Adjustments in respect of prior years	**(82)**	4
Overseas corporation taxation	**6,814**	4,836
Adjustment in respect of prior years	**(22)**	82
Total current taxation	**9,462**	5,256
Deferred taxation		
Origination and reversal of timing differences	**(827)**	(597)
Adjustments in respect of prior years	**(1,192)**	252
Total deferred taxation	**(2,019)**	(345)
Total taxation on profit on ordinary activities	**7,443**	4,911

	2019 £'000	2018 £'000
Tax income/(expense) included in other comprehensive income		
Origination and reversal of timing differences	**(975)**	-
Total tax income/(expense) included in other comprehensive income	**(975)**	-

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Taxation on profit on ordinary activities for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	36,765	8,869
Income tax calculated at 19 % (2018: 19%)	6,985	1,685
Expenses not deductible for tax purposes	1,002	1,002
Impact of previously unrecognised capital allowances in excess of depreciation and tax rate changes	(911)	(27)
Income not subject to tax	(283)	(365)
Adjustment in respect of prior years	(105)	87
Branch, withholding taxes, local, state, trade and similar taxes	855	67
Excess of overseas tax over UK corporation tax	(120)	668
Recognition, derecognition and utilisation of tax losses	356	1,649
Impact of other timing differences on which deferred tax has not been recognised	(336)	145
Taxation expense for year	**7,443**	4,911

No deferred tax asset has been recognised in respect of unutilised tax losses amounting to £104m (2018: £110m). Relief for these losses will only be obtained if there is suitable taxable income arising in future years.

Factors affecting the tax charge

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted in September 2016.

13 Dividends

Amounts recognised as distributions to equity holders in the year:

	2019 £'000	2018 £'000
Dividends paid for year	410	1,510

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

14 Intangible assets

	Goodwill	Membership lists	Software	Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of year	12,118	3,151	20,106	35,375
Additions	-	-	3,825	3,825
Disposals	-	-	(935)	(935)
Foreign exchange	-	-	134	134
At end of year	12,118	3,151	23,130	38,399
Amortisation				
At beginning of year	(10,948)	(3,151)	(8,283)	(22,382)
Amortisation charge	(490)	-	(3,008)	(3,498)
Disposals	-	-	935	935
Foreign exchange	-	-	(81)	(81)
At end of year	(11,438)	(3,151)	(10,437)	(25,026)
Net book value				
At 30 April 2019	**680**	**-**	**12,693**	**13,373**
At 30 April 2018	1,170	-	11,823	12,993

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

15 Property, plant and equipment

	Leasehold improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At beginning of year	8,116	7,233	4,326	12	19,687
Additions	5,443	797	1,678	-	7,918
Disposals	(764)	(3,586)	(885)	-	(5,235)
Foreign exchange	415	111	193	-	719
At end of year	**13,210**	**4,555**	**5,312**	**12**	**23,089**
Depreciation					
At beginning of year	(3,601)	(6,174)	(2,814)	(12)	(12,601)
Depreciation charge	(1,414)	(700)	(781)	-	(2,895)
Disposals	717	3,559	885	-	5,161
Foreign exchange	(165)	(91)	(96)	-	(352)
At end of year	**(4,463)**	**(3,406)**	**(2,806)**	**(12)**	**(10,687)**
Net book value					
At 30 April 2019	**8,747**	**1,149**	**2,506**	**-**	**12,402**
At 30 April 2018	4,515	1,059	1,512	-	7,086

The net carrying amount of assets held under finance leases included in fixtures, fittings and equipment is £239k (2018: £nil).

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

16 Investments

Group	Joint ventures £'000	Associated undertakings £'000	Total £'000
Cost			
At 1 May 2018	600	-	**600**
Additions	188	27	**215**
At 30 April 2019	**788**	27	**815**
Share of retained profits			
At 1 May 2018	651	-	**651**
Profit for the year	516	-	**516**
At 30 April 2019	**1,167**	-	**1,167**
Net book value			
At 30 April 2019	**1,955**	27	**1,982**
At 30 April 2018	1,251	-	1,251

At the reporting date the Group had £459k of capital commitments to joint ventures (2018: £nil). The fair value of the investment has not been disclosed as published price quotations are not available for the shares of the JV company.

The Group owns 49 B Ordinary shares of Swissportald Limited, a company incorporated in England. Swissportald Limited's business includes the development and operation of airport lounges. The terms of the joint venture agreement are such that joint control exists equally between the Group and Servisair and the Group is entitled to a 50% share of profit. During the year the Group invested in 2 other joint venture arrangements. The principal investment was to acquire a 50% interest by way of capital contribution in Global Lounge TK MIA Term R, LLC, a company incorporated in Florida, United States of America. The business of Global Lounge TK MIA is the operation of the airport lounges. The terms of the joint venture agreement are such that joint control exists equally between the Group and Global Lounge Network LLC and the Group is entitled to a 50% share of profit.

In June 2019 loan notes held by the Group converted to equity and were reclassified to investments in associated undertakings (see note 33).

17 Investments

	2019 £'000	2018 £'000
Deposits with credit institutions	**18,005**	**15,000**

Financial investments consist of deposits held with various credit institutions with maturities of between three months and one year. These deposits earn interest at rates ranging from 0.8% to 1.0% (2018: 0.3% to 0.8%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

18 Trade and other receivables

	2019 £'000	2018 £'000
Due within one year		
Trade receivables	**173,362**	153,221
Receivables arising out of direct insurance operations (note 34.1)	**16,412**	17,464
Receivables arising out of reinsurance operations (note 34.1)	**138**	201
Other receivables	**21,998**	6,763
Corporation taxation	**1,054**	997
Prepayments and accrued income	**46,146**	56,818
Derivative Asset	**92**	-
Deferred taxation	**3,936**	913
	263,138	236,377

Amounts totalling £9,554k that were previously presented as part of prepayments and accrued income are presented within other receivables in the current year.

Amounts falling due after more than one year disclosed above are loan notes of £1.2m (2018: £nil) and deferred taxation of £2,002k (2018: £913k). The derivative asset of £92k represents the unrealised gain on outstanding forward contracts as at 30 April 2019 (2018: unrealised loss of £379k). The Group enters into forward foreign currency contracts to mitigate the exchange risk for certain foreign currency payables. As at 30 April 2019 the most significant commitment is to sell US$, for which the Group is committed to buy £33,215k and sell USD$42,500k. All outstanding contracts mature within 12 months of the financial year end.

19 Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	**125,673**	97,771
Short term deposits	**4,829**	1,058
	130,502	98,829
Own funds	**85,135**	70,140
Fiduciary funds	**45,367**	28,689
	130,502	98,829

Fiduciary funds include amounts held on behalf of clients, corresponding liabilities are included within note 20 Trade and other payables.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

20 Trade and other payables

	2019 £'000	2018 £'000
Due within one year		
Trade payables	**113,030**	94,508
Payables arising out of direct insurance operations (note 34.1)	**11,113**	7,538
Payables arising out of reinsurance operations (note 34.1)	**3,409**	6,781
Other payables	**23,066**	14,899
Finance leases	**56**	-
Claims payable (note 34.1)	**8,903**	12,147
Social security and other taxes	**7,743**	8,801
Accruals and deferred income	**176,299**	170,158
Derivative financial instruments	**-**	379
Corporation taxation	**5,924**	4,646
Deferred taxation	**1,010**	-
	350,553	319,857

	2019 £'000	2018 £'000
Due within one and five years		
Finance leases	**172**	-
Other creditors	**125**	-
	297	-

Finance Leases	2019 £'000	2018 £'000
		-
Not later than one year	58	-
Later than one year and not later than five years	175	-
Later than five years	-	-
Total gross payments	233	-
Less: finance charges	(5)	-
Carrying amount of the liability	228	-

The finance lease relates to fixtures, fittings and equipment. The remaining lease term is 4 years, at the end of which the company will own the assets.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

21 Loans and borrowings

	2019 £'000	2018 £'000
Due within one year		
Bank loans and overdrafts	**18,000**	9,500
Loan from related party (note 30)	**-**	500
	18,000	10,000

On 2 October 2018 the Group renewed its three-year multi-currency revolving credit facility (RCF) with Barclays Bank plc and HSBC Bank plc (the Lenders). The borrowing available to the Group under the RCF was £30m and was increased to £50m in July 2019 (see note 33). Interest on the on borrowings under the facility is charged at LIBOR plus a margin ranging from 1.50% to 2.25%, depending on the financial condition of the Group. This condition is reported on through quarterly compliance certificates provided to the Lenders by the Group. A commitment fee of 40% of the applicable margin is payable on the unused portion of the facility.

22 Provisions for liabilities

	Long term employee benefits £'000
At beginning of year	816
Additions	182
Amounts utilised	(84)
Foreign exchange	49
At end of year	963

Long term employee benefits relate to amounts recognised in overseas jurisdictions where employees are legally entitled to end of service payments or paid leave after completing a certain length of qualifying service. Uncertainty around the amount and timing of future outflows arises as a result of variations in employee retention rates, which may vary based on historical experience.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

23 Deferred taxation

	Unutilised tax losses £'000	Capital allowances £'000	Provisions £'000	Fair Value Adjustments £'000	Goodwill £'000	Total £'000
At beginning of year	204	373	810	(505)	31	913
Charged in year	66	(333)	1,083	(112)	57	761
Prior year adjustment	(15)	897	191	120	-	1,193
Change in tax rate	(10)	44	36	(8)	4	66
Foreign exchange	(3)	(25)	52	(33)	2	(7)
At end of year	242	956	2,172	(538)	94	2,926
Comprising of:						
Deferred taxation assets	242	1,428	2,172	-	94	3,936
Deferred taxation liabilities	-	(472)	-	(538)	-	(1,010)
	242	956	2,172	(538)	94	2,926

The Group has unrecognised taxation losses amounting to £104m (2018: £109.8m).

The Group has made use of a legally enforceable right to set off current taxation assets against current taxation liabilities, and deferred taxation assets and deferred taxation liabilities, relating to income taxes levied by the same taxation authority. Deferred taxes are presented on a net basis in the statement of financial position.

The Group expects deferred tax assets of £902k to reverse in 2020 as provisions are utilised and capital allowances reduce.

24 Share capital

Ordinary shares of £1 each	2019 £'000	2018 £'000
Allotted, called-up and fully paid		
At 1 March	100	100
Issued during the year	100	-
At 30 April	**200**	100

The Company has one class of ordinary shares; each share carries one voting right per share with no right to fixed income.

On 2 May 2018, 100,000 ordinary shares with a nominal value of £1 per share were issued for non-cash consideration of the entire issued share capital of Collinson International Limited (formerly known as The Collinson Group Limited). This transaction was part of a group reconstruction to transfer the assets of Collinson International Limited to the Company.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

25 Notes to the cash flow statement

	2019 £'000	2018 £'000
Profit after taxation	**29,321**	3,958
Adjustments for:		
Interest receivable and similar income	**(512)**	(1,082)
Interest payable and similar charges	**2,744**	993
Taxation	**8,418**	4,911
Income from joint ventures	**(516)**	(330)
Operating profit	**39,455**	8,450
Amortisation of intangible assets	**3,498**	3,795
Impairment of goodwill	**-**	520
Depreciation of property, plant and equipment	**2,895**	3,080
Loss on disposal of property, plant and equipment	**67**	-
Unrealised foreign exchange gain / (loss)	**(1,475)**	(3,733)
Working capital movements:		
- Increase in trade and other receivables	**(21,972)**	(48,255)
- Increase in trade and other payables	**21,685**	47,740
Net cash from operating activities	**44,153**	11,597

26 Commitments

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	Land and buildings	
	2019 £'000	2018 £'000
Not later than one year	**6,883**	5,824
Later than one year and not later than five years	**14,978**	12,837
Later than five years	**3,525**	3,485
Total future minimum lease payments	**25,386**	22,146

The Group had capital commitments for development costs totalling £97k at 30 April 2019 (2018: £nil).

27 Contingent liabilities

There is a fixed and floating charge over all assets of the Group whereby the Group guarantees all amounts due to Barclays Bank Plc by the Group. As at the reporting date the amount due to Barclays Bank Plc by certain group companies was £nil (2017: £nil). Under the group banking offset arrangement, the Group had no liability to Barclays Bank Plc at the reporting date.

28 Off-balance sheet arrangements

The Group has operating leases for land and buildings. The commitments under these arrangements are disclosed in note 26. There are no other off-balance sheet arrangements.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

29 Post-retirement benefits

The Group operates a defined contribution pension plan for its employees. The pension cost charged represents contributions payable by the Group and amounted to £3,139k (2018: £2,686k). Contributions amounting to £42k (2018: £275k) were outstanding at the reporting date.

30 Related party transactions

During the year group companies sold services of £1,675k (2018: £1,449k) to and purchased services of £1,449k (2018: £1,890m) from International Customer Loyalty Programmes Plc (ICLP plc) a fellow subsidiary that is not wholly owned by the Group. At the reporting date a net receivable from International Customer Loyalty Programmes Plc of £156k (2018: net payable of £613k) was outstanding.

During the year group companies purchased lounge operation services £6,077k (2018: £5,592k) from Swissportald Limited, a company in which the Group has joint control. The balance outstanding at the reporting date was £nil (£nil).

The Group also had borrowings from Mr C R Evans, the Chairman and ultimate controlling party. This was settled during financial year. The loan was unsecured and variable rate interest was charged on the loan at 5% above the Bank of England base rate.

	2019 £'000	2018 £'000
Interest paid in year	10	37
Balance outstanding at end of year	-	500

31 Key management personnel

The directors consider the key management personnel of the Group to be the board of directors and the executive management committee. During the year the total remuneration of the key management personnel was £6,040k (2018: £5,087k).

32 Parent undertaking and ultimate controlling party

The directors regard Parminder Limited, a company incorporated in the Isle of Man, to be the Group's immediate and ultimate parent undertaking. The ultimate controlling parties identified by the directors are the Trustees of the Colin Evans 1987 Settlement, established under the laws of the Isle of Man, the beneficiary of which is Mr C R Evans.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

33 Post balance sheet events

Revolving Credit Facility:
On 22 July 2019 the Group triggered a provision in its RCF agreement allowing it to increase the amount it was able to borrow under its multi-currency revolving credit facility from £30m to £50m. No other changes were made to the terms and conditions of the RCF.

Equity Investments:
On 5 September 2018 the Group entered into an agreement with Cursus Technologies Inc. (Grab) and made contributions to acquire loan notes of USD$1.5m. As at 30 April 2018 these loan notes are included within other receivables. In June 2019 the loan notes were converted to equity and an additional USD$2.5m was invested. As a result, the Group's total investment amounted to 25.1% of the share capital of Grab, and the investment being recognised as an investment in associated undertaking.

34 Insurance contracts

The Group enters into insurance contracts as part of its activities through its wholly owned subsidiaries Astrenska Insurance Limited (AIL), Collinson Insurance Europe Limited (CIEL) and PTI Insurance Company Limited (PTI) referred to collectively as the 'insurance companies'. As such the Group is required to apply the provisions of FRS 103 'Insurance Contracts' and the provisions of FRS 102 Section 34 'Specialised Activities' in relation to the financial instruments of the insurance companies within the Group. The following section is compliant with these requirements for the relevant items included within the consolidated financial statements. Where appropriate intercompany transactions between the insurance companies have been eliminated; intercompany transactions between the insurance companies and other group companies are separately disclosed in the notes that follow and are fully eliminated within the consolidated financial statements.

The decision of the UK to exit the EU was of significant note and risk to the Group's insurance business, which utilised the passporting regime to cover our EEA clients and customers. The Group enacted plans to establish operations in Malta that enable it to write insurance business directly and, since March 2019, EU schemes previously written in AIL are now being renewed in Collinson Insurance Europe Limited (CIEL). In addition, since 2015, PTI ceased writing new business and received approval from the Gibraltar regulator to enter into a Whole Account Reinsurance Agreement (WARA) with AIL. As part of the agreement, effective from 1 May 2015, PTI reinsured 100% of its technical provisions to AIL, paid for by way of cash and the transfer of other assets. The business associated with PTI was not materially dissimilar to that conducted by AIL. Accordingly, a number of the disclosures within this note for 2018 and 2019 relate solely to AIL. Where relevant, disclosures for 2019 also relate to CIEL.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.1 Summary results

A summary of the results arising from insurance contracts included within the consolidated financial statements is set out below:

	2019 £'000	2018 £'000
Gross premiums written	**71,661**	68,696
Earned premiums, net of reinsurance	**53,667**	44,675
Claims incurred, net of reinsurance	**(15,341)**	(16,532)
Net operating expense	**(37,156)**	(27,644)
Consolidated result from the technical accounts of insurance companies	**1,170**	499

Included in gross premiums written are amounts with other group companies of £1,438k (2018: £1,808k) and in operating expenses amounts with other group companies of £9,096k (2018: £8,016k).

A summary of the assets and liabilities of the insurance companies as included in the consolidated financial statements is set out below:

	2019 £'000	2018 £'000
Assets		
Investments	**18,005**	15,000
Reinsurers share of technical provisions	**10,584**	13,141
Receivables arising out of direct insurance operations	**16,412**	17,464
Receivables arising out of reinsurance operations	**138**	201
Other receivables	**3,172**	4,894
Deferred tax	**159**	-
Cash and cash equivalents	**20,846**	15,858
Deferred acquisition costs	**12,682**	11,817
Prepayments and accrued income	**91**	3,012
Total assets	**82,089**	81,387
Liabilities		
Provision for unearned premiums	**25,402**	25,463
Claims outstanding	**8,903**	12,147
Payables arising from direct insurance operations	**11,113**	7,538
Payables arising from reinsurance operations	**3,409**	6,781
Other payables	**2,549**	1,423
Accruals and deferred income	**3,613**	3,547
Total liabilities	**54,989**	56,899

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.2 Particulars of business

An analysis of gross premiums written, and gross premiums earned by class of business in AIL and CIEL is set out below:

	Gross premiums written		Gross premiums earned		Reinsurance balance	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Accident and health	22,005	31,718	23,120	33,389	12,507	14,493
Assistance	46,834	36,978	43,945	31,387	5,416	5,608
Miscellaneous financial loss	2,166	-	1,567	-	-	-
	71,005	68,696	68,632	64,776	17,923	20,101
Reinsurance acceptances	656	-	2,958	-	-	-
Total	71,661	68,696	71,590	64,776	17,923	20,101

An analysis of gross claims incurred, gross operating expenses and the reinsurance balance by class of business in AIL and CIEL is set out below:

	Gross claims incurred		Gross operating expenses		Reinsurance balance	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Accident and health	6,145	15,656	14,727	13,810	6,015	13,481
Assistance	13,511	10,574	27,979	21,655	6,935	4,026
Miscellaneous financial loss	342	-	997	-	186	-
	19,998	26,230	43,703	35,465	13,136	17,507
Reinsurance acceptances	51	-	1,881	-	-	-
Total	20,049	26,230	45,584	35,465	13,136	17,507

Included in gross premiums written are amounts with other group companies of £1,438k (2018: £1,808k) and in operating expenses amounts with other group companies of £9,096k (2018: £8,016k).

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.3 Insurance contract liabilities and reinsurance assets

The reconciliation of changes in balances within this section relate solely to the insurance contracts and reinsurance assets of AIL and CIEL.

The movement in the unearned premium provision during the year was as follows:

	2019		2018	
	Gross provision £'000	Reinsurance asset £'000	Gross provision £'000	Reinsurance asset £'000
At beginning of year	25,463	7,971	21,543	7,452
Increase/(decrease) in provision	42	(128)	3,920	519
Exchange gains and losses	(103)	(41)	-	-
At end of year	25,402	7,802	25,463	7,971

The movement in the provision for claims outstanding during the year was as follows:

	2019		2018	
	Gross Provision £'000	Reinsurance asset £'000	Gross provision £'000	Reinsurance asset £'000
At beginning of year	12,147	5,170	8,375	2,812
Claims incurred in current year	18,125	4,300	23,750	8,794
Adjustment to claims incurred in prior years	2,105	445	2,400	889
Claims paid during year	(23,606)	(7,116)	(22,457)	(7,328)
Prior year claims	83	3	79	3
Exchange gains and losses	49	(20)	-	-
At end of year	8,903	2,782	12,147	5,170

The movement in the deferred acquisition costs during the year is as follows:

	2019		2018	
	Gross asset £'000	Reinsurance liability £'000	Gross asset £'000	Reinsurance liability £'000
At beginning of year	11,817	2,857	9,835	2,521
Deferred	43,165	9,169	32,772	7,821
Amortisation	(42,226)	(8,429)	(30,790)	(7,485)
Exchange gains and losses	(74)	(26)	-	-
At end of year	12,682	3,571	11,817	2,857

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.4 Management of insurance risks

Insurance risk arises from the inherent uncertainties as to the occurrence, amount and timing of insured events. The primary risk associated with insurance contracts in force at the end of fiscal year 2019 reside within AIL. The AIL Board is responsible for setting the overall underwriting strategy and defining the risk appetite, with monitoring delegated to the AIL Reserving Committee. AIL uses both quota share reinsurance and excess of loss reinsurance contracts to mitigate insurance risk, essentially by reducing exposure to large individual claims or aggregated losses from a single event.

Insurance risks

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. AIL has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that adversely impact insurance risk include a lack of risk diversification in terms of type and amount of risk and geographical location.

Frequency and severity of claims

Health and travel assistance, split between the accident and health and assistance books, and motor ancillary product claims, within the assistance book, are predominately in the personal sector and tend to be high frequency with low severity. Higher value claims can arise where the insured event results in severe personal injury or severe and complex health issues. Estimated inflation is often a significant factor due to the long period typically required to settle these cases. AIL applies underwriting criteria to the book to limit the number of older individuals and/or individuals with pre-existing medical conditions, where health issues are more likely.

For travel products, climatic changes give rise to more frequent and severe extreme weather events (for example, river flooding, hurricanes and typhoons) and their consequences (for example, flight delays, stranding and personal injury claims). For certain contracts, AIL has limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Motor ancillary claims, within the assistance book, arise from motor insurance and motor insurance protection products for consumers hiring vehicles. The frequency and severity of motor claims is affected by age and type of vehicle insured; while the claims relating to protection products is affected by the type and duration of the hire vehicle trip. The Group manages these risks through its underwriting strategy and claims handling arrangements. The Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.4 Management of insurance risks (continued)

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Group operates.

The Group's reinsurance arrangements include quota share and excess of loss coverage. The effect of such reinsurance is to limit net insurance losses on any particular claim to €200k for medical expense claims and £100k for assistance claims after retaining the first £350k of losses.

Sources of estimation uncertainty in future claims payments

The sources of estimation uncertainty in establishing the ultimate liability arising from claims made under insurance contracts is discussed in note 4.

Claims on health, travel assistance and breakdown cover contracts are payable on a claims-occurrence basis. AIL is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a large element of the claims provision relates to incurred but not reported claims (IBNR). The compensation paid on these contracts is the monetary awards granted for medical care or assistance in relation to insured events suffered. Such awards are lump-sum payments that are calculated as the present value of the rehabilitation expenses that the insured party will incur as a result of the incident.

The estimated cost of claims includes direct expenses to be incurred in settling claims. AIL takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid. The amount of personal injury claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

In calculating the estimated cost of unpaid claims (both reported and not reported), AIL's estimation techniques are a combination of the Bornhuetter-Ferguson method using loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and the Chain-ladder method where an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. An allowance for risk and uncertainty is made within claims outstanding.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For large personal injury claims the IBNR will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, AIL considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.4 Management of insurance risks (continued)

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each year.

A development of the estimate of ultimate claim cost for claims notified in a given year is presented later in this note. This gives an indication of the accuracy of the estimation technique for claims payments. The Group has taken the exemption under FRS 103 paragraph 6.3 not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which it applied FRS 103.

Process used to decide on assumptions

The Group uses assumptions based mainly on internal data to measure its claims liabilities. Internal data is derived mostly from quarterly claims reports. The Group uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods. Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each year that is not yet fully developed to produce an estimated ultimate claims cost for each year.

Chain-ladder techniques are most appropriate for those years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market- based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection.

Change of assumptions

During 2019, the estimation model for claims had been updated to reflect minor changes in claims experience during the year. There were no other significant changes to assumptions.

Sensitivity analysis

The following tables present the sensitivity of the value of insurance liabilities in AIL disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities. AIL pays a profit share to Collinson Insurance Services Limited ("CISL"), a fellow company in the group, which provides insurance administration services. This is calculated on a stepped scale, dependent on the loss ratio after any profit share paid to reinsurers, on all earned premiums.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.4 Management of insurance risks (continued)

Therefore, in considering the impact of a change in the loss ratio assumption on profit after tax and equity, this commission has been taken into consideration. To calculate the sensitivity the loss ratio was changed by increasing or decreasing it by 5%, with all other variables remaining constant.

	2019		2018	
	5% increase £'000	5% decrease £'000	5% increase £'000	5% decrease £'000
Accident and health	**204**	**(204)**	55	(55)
Assistance	**219**	**(219)**	317	(317)
Miscellaneous financial loss	**10**	**(10)**	-	-
Total impact on gross claims liabilities	**433**	**(433)**	372	(372)
Total impact on profit after tax and equity	**433**	**(433)**	372	(372)

The total impact on AIL profit after tax and equity is inclusive of an impact on profit shares with other group companies of £414k (2018: £355k).

Claims development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how AIL's estimate of total claims outstanding for each accident year has changed at successive year-ends and CIEL's current estimate of cumulative claims. The table reconciles to the cumulative claims to the amount appearing in the statement of financial position. The Group has taken the transition exemption under FRS 103 paragraph 6.3 not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which it applied FRS 103.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.4 Management of insurance risks (continued)

(a) Claims outstanding - gross

Underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	Total £'000
Estimate of ultimate claims costs:									
- At end of reporting period	912	1,485	1,277	667	1,338	1,838	1,207	1,324	**10,048**
- One year later	1,362	9,209	9,879	12,483	17,448	20,063	14,739	-	**85,183**
- Two years later	3,119	12,659	25,451	22,130	24,787	26,377	-	-	**114,523**
- Three years later	3,295	12,441	21,389	21,524	24,807	-	-	-	**83,456**
- Four years later	3,336	12,346	21,252	21,363	-	-	-	-	**58,297**
- Five years later	3,336	12,422	21,228	-	-	-	-	-	**36,986**
- Six years later	3,303	12,341	-	-	-	-	-	-	**15,644**
- Seven years later	3,291								**3,291**
Current estimate of cumulative claims	3,291	12,341	21,228	21,363	24,807	26,377	14,739	1,324	**125,470**
Cumulative payments to date	(3,290)	(12,335)	(21,214)	(21,194)	(23,594)	(23,764)	(11,395)	(415)	**(117,201)**
Liability recognised at the reporting date	**1**	**6**	**14**	**169**	**1,213**	**2,613**	**3,344**	**909**	**8,269**
Provision in respect of prior years									36
Provisions for adverse deviation and shock loss									598
Total provision included in statement of financial position at 30 April 2019									**8,903**

Underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	Total £'000
Estimate of ultimate claims costs:								
- At end of reporting period	911	1,485	1,277	667	1,338	1,838	1,207	**8,723**
- One year later	1,362	9,209	9,879	12,483	17,448	20,063	-	**70,444**
- Two years later	3,119	12,659	25,451	22,130	24,787	-	-	**88,146**
- Three years later	3,295	12,441	21,389	21,524	-	-	-	**58,649**
- Four years later	3,336	12,346	21,252	-	-	-	-	**36,934**
- Five years later	3,336	12,422	-	-	-	-	-	**15,758**
- Six years later	3,303	-	-	-	-	-	-	**3,303**
Current estimate of cumulative claims	3,303	12,422	21,252	21,524	24,787	20,063	1,207	**104,558**
Cumulative payments to date	(3,288)	(12,333)	(21,210)	(21,050)	(21,829)	(13,382)	(501)	**(93,593)**
Liability recognised at the reporting date	**15**	**89**	**42**	**474**	**2,958**	**6,681**	**706**	**10,965**
Provision in respect of prior years								103
Provisions for adverse deviation and shock loss								1,079
Total provision included in statement of financial position at 30 April 2018								**12,147**

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.4 Management of insurance risks (continued)

(b) Claims outstanding – net

Underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	Total £'000
Estimate of ultimate claims costs:									
- At end of reporting period	453	987	1,129	516	748	1,356	846	805	**6,840**
- One year later	269	3,920	4,750	6,454	11,721	13,171	10,655	-	**50,940**
- Two years later	519	4,920	17,245	10,800	15,809	18,491	-	-	**67,784**
- Three years later	468	4,693	13,772	10,296	15,988	-	-	-	**45,217**
- Four years later	528	4,724	13,739	10,357	-	-	-	-	**29,348**
- Five years later	520	4,767	13,615	-	-	-	-	-	**18,902**
- Six years later	483	4,720	-	-	-	-	-	-	**5,203**
- Seven years later	468	-	-	-	-	-	-	-	**468**
Current estimate of cumulative claims	468	4720	13,615	10,357	15,988	18,491	10,655	805	**75,099**
Cumulative payments to date	(468)	(4,720)	(13,608)	(10,286)	(15,691)	(16,366)	(8,381)	(280)	**(69,800)**
Liability recognised at the reporting date	**-**	**-**	**7**	**71**	**297**	**2,125**	**2,274**	**525**	**5,299**
Provision in respect of prior years									36
Provisions for adverse deviation and shock loss									598
Total provision included in statement of financial position at 30 April 2019									**5,933**

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.4 Management of insurance risks (continued)

Underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	Total £'000
Estimate of ultimate claims costs:								
- At end of reporting period	454	987	1,129	516	748	1,356	846	**6,036**
- One year later	269	3,920	4,750	6,454	11,721	13,171	-	**40,285**
- Two years later	521	4,920	17,245	10,800	15,809	-	-	**49,295**
- Three years later	467	4,693	13,772	10,296	-	-	-	**29,228**
- Four years later	528	4,724	13,739	-	-	-	-	**18,991**
- Five years later	520	4,767	-	-	-	-	-	**5,287**
- Six years later	483	-	-	-	-	-	-	**483**
Current estimate of cumulative claims	483	4,767	13,739	10,296	15,809	13,171	846	**59,111**
Cumulative payments to date	(468)	(4,719)	(13,606)	(10,368)	(14,566)	(9,194)	(392)	**(53,313)**
Liability recognised at the reporting date	**15**	**48**	**133**	**(72)**	**1,243**	**3,977**	**454**	**5,798**
Provision in respect of prior years								100
Provisions for adverse deviation and shock loss								1,079
Total provision included in statement of financial position at 30 April 2018								**6,977**

34.5 Financial instruments of the insurance companies

The insurance companies hold the following financial instruments, other than those arising from insurance contracts:

	2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost		
Deposits with credit institutions	**18,005**	15,000
Cash and cash equivalents	**20,846**	15,858
Financial liabilities measured at amortised cost		
Other creditors excluding taxation and social security	-	1,423

The carrying value of these financial instruments is considered to approximate to their fair value at the reporting dates.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.6 Financial risk management of the insurance companies

The insurance companies are exposed to a range of financial risks, in particular the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk. The specific risks that AIL and CEIL face due to the nature of their investments and liabilities are currency risk, credit risk and liquidity risk.

(i) Market risk

Interest rate risk

Due to the fact that fixed rates of interest are earned on all deposits with credit institutions, investment returns will not fluctuate because of changes in market interest rates.

Currency risk

AIL and CIEL manage foreign exchange risk against their functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

AIL and CIEL are exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than Sterling. The most significant foreign currency to which AIL and CIEL are exposed is the Euro as illustrated in the table below which shows the financial assets and liabilities of AIL and CIEL by currency.

	2019 £'000	2018 £'000
Financial assets		
Sterling	**21,844**	23,723
Euro	**27,722**	19,110
US dollar	**3,900**	5,554
Emirati dirham	**1,184**	1,259
Other	**1,396**	604
	56,046	50,250
Financial liabilities		
Sterling	**9,661**	20,761
Euros	**15,558**	4,284
US dollar	**107**	519
Emirati dirham	**81**	207
Other	**220**	(181)
	25,627	25,590

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.6 Financial risk management of the insurance companies (continued)

Financial assets include financial investments, receivables, cash at bank and in hand and accrued interest.

Insurance liabilities include claims outstanding and payables, excluding accrued commissions payable on accrued income.

As at 30 April 2019, if the Pound had weakened / strengthened by 10% against other currencies, with all other variables held constant, profit for the year and equity for AIL and CIEL would have been lower / higher as illustrated in the table below.

	2019 £'000	2018 £'000
Sterling increases by 10%		
Euro	**(2,122)**	(1,483)
US dollar	**(640)**	(504)
Emirati dirham	**(105)**	(105)
Other	**(112)**	(78)
	(2,979)	(2,170)
Sterling decreases by 10%		
Euro	**2,122**	1,483
US dollar	**640**	504
Emirati dirham	**105**	105
Other	**112**	78
	2,979	2,170

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.6 Financial risk management of the insurance companies (continued)

(ii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries; and
- counterparty risk with respect to cash deposits.

The Group manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to regular review.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. AIL currently has concentrations of credit risk in respect of reinsurance assets held with Munich Re which represent 95% (2018: 95%) of reinsurance assets.

Exposure to credit risk in respect of amounts due from policyholders is mitigated by the Group's large customer base and the low average level of balances outstanding. AIL and CIEL are not exposed to concentrations of credit risk in respect of policyholders. There is also mitigation by the operation of controls in this area, including payment on policy acceptance and automated cancellation procedures for policies in default. The assets bearing credit risk for AIL and CIEL are summarised below, together with an analysis by credit rating. Debtors other than amounts due from reinsurers and group companies, have been excluded from the table as these are not rated.

2019	AA £'000	A £'000	Not rated £'000	Total £'000
Other financial investments	-	18,005	-	18,005
Cash and cash equivalents	13,283	4,350	-	17,633
Arising out of reinsurance operations	138	-	-	138
Amounts owed by group undertakings	-	-	3,609	3,609
	13,421	22,355	3,609	39,385

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.6 Financial risk management of the insurance companies (continued)

2018	AA £'000	A £'000	Not rated £'000	Total £'000
Deposits with credit institutions	6,000	9,000	-	15,000
Cash and cash equivalents	12,737	-	-	12,737
Arising out of reinsurance operations	-	116	-	116
Amounts owed by group undertakings	-	-	4,899	4,899
	18,737	9,116	4,899	32,752

PTI had cash and cash equivalents of £3,213k (2018: £3,121k) at banks with credit rating of A, and £50k of amounts owed by group undertakings that are not rated.

At 30 April 2018, PTI had £85k of receivables arising out of reinsurance operations that were not rated.

Credit ratings were sourced from Fitch Rating. The financial assets that are past due, but not impaired at the reporting date are set out below.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.6 Financial risk management of the insurance companies (continued)

	Total £'000	Neither past due nor Impaired £'000	Past due but not impaired < 60 days £'000	60-120 days £'000	> 120 days £'000
2019					
Intermediaries	**16,226**	**13,110**	**2,732**	**178**	**206**
Policy holders	**186**	**186**	-	-	-
Receivables arising out of reinsurance operations	**138**	**34**	-	-	**104**
Amounts owed by group undertakings	**3,609**	**3,609**	-	-	-
Accrued interest	**91**	**91**	-	-	-
	20,250	**17,030**	**2,732**	**178**	**310**
2018					
Intermediaries	17,410	16,335	94	845	136
Policy holders	54	52	1	1	-
Receivables arising out of reinsurance operations	116	70	7	11	28
Amounts owed by group undertakings	4,899	3,650	221	68	960
Accrued interest	34	34	-	-	-
	22,513	20,141	323	925	1,124

An allowance has been made for estimated irrecoverable amounts from AIL's insurance customers, determined by reference to past default experience. All amounts that have not been provided for are expected to be recoverable. The table below shows the movement in the impairment allowance during the year.

	2019 £'000	2018 £'000
At beginning of year	425	746
Increase in provision	62	-
Provision released in year	-	(321)
At end of year	**487**	425

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.6 Financial risk management of the insurance companies (continued)

*(iii) **Liquidity risk***

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of AIL is the obligation to pay claims to policyholders as they fall due.

The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand. The table below analyses the maturity of AIL's and CIEL's financial liabilities and outstanding claims. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows. The amounts disclosed in the table represent undiscounted cash flows.

	Timing of cash flows				
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Total £'000
2019					
Claims outstanding	7,463	1,244	196	-	8,903
Payables arising from direct insurance operations	11,113	-	-	-	11,113
Payables arising from reinsurance operations	3,409	-	-	-	3,409
Other payables excluding taxation and social security	2,188	-	-	-	2,188
Amounts owing to group undertakings	799	-	-	-	799
	24,972	1,244	196	-	26,412

	Timing of cash flows				
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Total £'000
2018					
Claims outstanding	8,190	3,332	625	-	12,147
Payables arising from direct insurance operations	7,538	-	-	-	7,538
Payables arising from reinsurance operations	6,781	-	-	-	6,781
Other payables excluding taxation and social security	1,386	37	-	-	1,423
Amounts owing to group undertakings	5	-	-	-	5
	23,900	3,369	625	-	27,894

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

34 Insurance contracts (continued)

34.7 Capital management of the insurance companies

AIL is regulated by the Prudential Regulation Authority and is subject to insurance solvency regulations (Solvency II) which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities.

AIL's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth; and
- to manage exposures to movement in exchange rates.

AIL manages its capital in accordance with its Capital Management Policy which sets AIL's objectives, policy and processes, which includes capital planning to ensure AIL holds the right amount of capital to meet its objectives; and capital allocation to ensure AIL maximises its capital returns.

AIL's capital consists of ordinary share capital and retained earnings, but has a number of other sources of capital available to it. AIL considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance and securitisation, as appropriate, when assessing its deployment and usage of capital. AIL manages as capital all items that are eligible to be treated as capital for regulatory purposes.

The Solvency II regime has been effective from 1 January 2016 and establishes a new set of EU-wide capital requirements, risk management and disclosure standards. AIL is subject to these regulations. AIL is required to meet a Solvency Capital Requirement (SCR) which is calibrated to seek to ensure a 99.5% confidence of the ability to meet obligations over a 12 month time horizon. AIL calculates its SCR in accordance with the standard formula prescribed in the Solvency II regulations as the assumptions underlying the standard formula are considered to be a good fit for the AIL's risk profile.

AIL aims to ensure sufficient capital is held in excess of its solvency capital requirements. At 30 April 2019, under Solvency II the total capital available to meet this requirement is approximately £23.0m (2018: £19.7m) which exceeds the SCR of £14.3m (2018: £ 14.2m). AIL has complied with all externally imposed capital requirements throughout the year.

PTI's operations are regulated by the Gibraltar Financial Services Commission and CIEL's operations are regulated by the Malta Financial Services Authority. Both are subject to insurance solvency regulations which specify the minimum amount of capital that must be held in addition to its insurance liabilities. PTI and CIEL manage their capital in accordance with these rules and has embedded in its processes the necessary tests to ensure continuous and full compliance with such regulations. PTI has complied with all regulatory requirements in the current and prior year.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

35 Investments in subsidiary undertakings

At 30 April 2019 the Group had the following investments in subsidiary undertakings:

Name	Country of incorporation	Class of shares held	Percentage of equity shares and voting rights held %
Investment Companies			
Airport Dimensions Holdings Ltd	England	Ordinary	100
ALD US Holdings Inc.	USA	Ordinary	100
Astrenska Insurance Holdings Limited	England	Ordinary	100
Bienvenue Financiere	France	Ordinary	100
Collinson Finance Limited	England	Ordinary	100
Collinson Group (Asia) Pte Limited	Singapore	Ordinary	100
Collinson Group (Trademarks) Limited	Gibraltar	Ordinary	100
Collinson Group (USA) Inc.	USA	Ordinary	100
Collinson Group Australia Limited	Australia	Ordinary	100
Collinson Holdings Europe Limited	Malta	Ordinary	100
Collinson Insurance (Holdings) Limited	England	Ordinary	100
Collinson Insurance Group Limited	England	Ordinary	100
Collinson International Limited	England	Ordinary	100
Collinson Investments Limited	England	Ordinary	100
IAPA (Holdings) Limited	England	Ordinary	100
ICLP Worldwide Limited	England	Ordinary	100
International Customer Loyalty Programmes (Holdings) Limited	England	Ordinary	100
International Customer Loyalty Programmes (Overseas Holdings) Limited	England	Ordinary	100
Priority Travel Group (Holdings) Limited	England	Ordinary	100
Talon Services Limited	Guernsey	Ordinary	100
The Collinson Group (IT) Limited	England	Ordinary	100
The Collinson Group (Overseas Holdings) Limited	England	Ordinary	100
Airport Lounge Development services			
Airport Lounge Development Limited	England	Ordinary	100
Airport Lounge Developments Inc.	USA	Ordinary	100
Airport Lounge Operations LLC	USA	Ordinary	80
ALD Asia Pacific	Hong Kong	Ordinary	100
ALD Development Corp	USA	Ordinary	100
ALD GLN Holdings Inc.	USA	Ordinary	100
ALD JCM LLC	USA	Ordinary	75
ALD OGH UK Ltd	England	Ordinary	75
ALD MSY Holdings Inc.	USA	Ordinary	100
The Club At Phx Inc.	USA	Ordinary	100

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Investment in subsidiary undertakings (continued)

Travel and membership services

Frequent Flyer Club Inc.	USA	Ordinary	100
Frequent Flyer Club Of America Inc.	USA	Ordinary	100
Global Membership Services Limited	Gibraltar	Ordinary	100
IAPA (Global) Limited	Gibraltar	Ordinary	100
IAPA (Travel Services) Inc.	USA	Ordinary	100
IAPA Limited	Gibraltar	Ordinary	100
International Airline Passengers Association (EAME) Limited	England	Ordinary	100
International Airline Passengers Association (Far East) Limited	Hong Kong	Ordinary	100
International Airline Passengers Association (Group Publications) Limited	England	Ordinary	100
International Airline Passengers Association Services (EAME) Limited	England	Ordinary	100
Lounge Access Inc.	USA	Ordinary	100
Lounge Access Limited	England	Ordinary	100
Lounge Gateway Limited	England	Ordinary	100
Lounge Key AP Limited	Hong Kong	Ordinary	100
Lounge Key Inc.	USA	Ordinary	100
Lounge Key Limited	England	Ordinary	100
Priority Collection Limited	England	Ordinary	100
Priority Pass (AP) Limited	Hong Kong	Ordinary	100
Priority Pass (Asia) Pte Limited	Singapore	Ordinary	100
Priority Pass Inc.	USA	Ordinary	100
Priority Pass KK Limited	Japan	Ordinary	100
Priority Pass Limited	England	Ordinary	100
Priority Travel Group (Asia) Limited	Hong Kong	Ordinary	100
Priority Travel Group Inc.	USA	Ordinary	100
The Executive Club International Limited	England	Ordinary	100

Insurance and assistance services

Astrenska Insurance Limited	England	Ordinary	100
Astrenska Limited	England	Ordinary	100
Astrenska Pty Limited	Australia	Ordinary	100
Club Direct (UK) Limited	England	Ordinary	100
Collinson IG (Management) Limited	England	Ordinary	100
Collinson Insurance Brokers Inc.	USA	Ordinary	100
Collinson Insurance Brokers Limited	England	Ordinary	100
Collinson Insurance Europe Limited	Malta	Ordinary	100
Collinson Insurance Services Limited	England	Ordinary	100
Collinson Insurance Solutions Europe Limited	Malta	Ordinary	100
Collinson Solutions Europe Limited	Malta	Ordinary	100
Columbus Direct Limited	Hong Kong	Ordinary	100
Columbus Direct Pte Limited	Singapore	Ordinary	100
Columbus Direct Travel Insurance Pty Limited	Australia	Ordinary	100
Columbus Insurance Services Limited	England	Ordinary	100

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Investment in subsidiary undertakings (continued)

Global Claims Services Limited	England	Ordinary	100
Intana Global Limited	England	Ordinary	100
Mediquote Limited	England	Ordinary	100
Optimum Underwriting Limited	England	Ordinary	100
Preferential Direct Limited	England	Ordinary	100
Preferential Insurance Services Limited	England	Ordinary	100
PTI Insurance Company Limited	Gibraltar	Ordinary	100

Loyalty, marketing and related services

Aero24 (Pty) Limited	South Africa	Ordinary	100
Aero24 Inc.	USA	Ordinary	100
Aero24 Limited	England	Ordinary	100
CCS Consumer and Communication Services Gmbh	Germany	Ordinary	100
Chase Response (Management Services) Limited	England	Ordinary	100
Cogent Analytics Limited	England	Ordinary	100
Collinson CLO Inc.	USA	Ordinary	100
Collinson (Latitude) Inc.	USA	Ordinary	100
Collinson (Latitude) Limited	England	Ordinary	100
Collinson (Latitude) Pte Limited	Singapore	Ordinary	100
Collinson (Product Innovation) Limited	England	Ordinary	100
Collinson Group South Africa (Pty) Limited	South Africa	Ordinary	100
Collinson Latitude (AP) Limited	Hong Kong	Ordinary	100
Collinson Technology Services Limited	England	Ordinary	100
Core8 Limited	England	Ordinary	100
idAlerts Canada Inc	Canada	Ordinary	100
Collinson (Singapore) Pte Ltd	Singapore	Ordinary	100
Collinson (Shanghai) Co. Ltd	China	Ordinary	100
International Customer Loyalty Programmes AG Limited	Switzerland	Ordinary	100
International Customer Loyalty Programmes Brasil Limiteda	Brazil	Ordinary	100
Collinson (USA) Inc.	USA	Ordinary	100
International Customer Loyalty Programmes KK Limited	Japan	Ordinary	100
International Customer Loyalty Programmes Limited	Hong Kong	Ordinary	100
International Customer Loyalty Programmes Loyalty Systems (Asia) Pte Limited	Singapore	Ordinary	100
International Customer Loyalty Programmes Plc	England	Ordinary	99
Collinson Group Pty Ltd	Australia	Ordinary	100
Collinson Loyalty & Benefits Pvt Ltd	India	Ordinary	100
Partnership Marketing Agency (Asia) Pte Limited	Singapore	Ordinary	100
Partnership Marketing Agency Limited	England	Ordinary	100
Partnership Marketing Agency Limited	Hong Kong	Ordinary	100
Partnership Marketing Limited	England	Ordinary	100
Partnership Marketing Network (Asia) Pte Limited	Singapore	Ordinary	100
Partnership Marketing Network Limited	England	Ordinary	100
Travel Information Services Bv	Netherlands	Ordinary	100
Vivid Lime Limited	England	Ordinary	100
Welcome Real Time	Brazil	Ordinary	100

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

Investment in subsidiary undertakings (continued)

Welcome Real Time ASPAC	Singapore	Ordinary	100
Welcome Real Time SAS	France	Ordinary	100
Worldwide Travel Concierge Limited	England	Ordinary	100

Shared and administration services

Collinson (Central Services) Limited	England	Ordinary	100

For the year ended 30 April 2019 certain subsidiary undertakings were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to the audit of accounts. The members of the following subsidiary undertakings have not required them to obtain an audit of their financial statements for the year ended 30 April 2019.

Subsidiary undertaking	Registered number
Airport Dimensions Holdings Limited	11291574
Astrenska Insurance Holdings Limited	10330418
The Collinson Group (IT) Limited	06309843
The Collinson Group (Overseas Holdings) Limited	06607918
Collinson Insurance Group Limited	06312711
Collinson Insurance (Holdings) Limited	06311859
Collinson Service Solutions Limited	02474708
Global Claims Services Limited	02943792
International Customer Loyalty Programmes (Holdings) Limited	06311788
International Customer Loyalty Programmes (Overseas Holdings) Limited	06312662
Mediquote Limited	06346553
Priority Collection Limited	05668655
Preferential Direct Limited	03375210
Priority Travel Group (Holdings) Limited	06309844

Company Statement of Financial Position

For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments	5	**7,987**	-
		7,987	-
Current assets			
Trade and other receivables	6	**100**	100
		100	100
Current liabilities			
Trade and other payables	7	**(5)**	-
		(5)	-
Net current assets		**95**	100
Net assets		**8,082**	100
Capital and reserves			
Share capital	8	**200**	100
Retained earnings		**7,882**	-
Total equity		**8,082**	100

The profit for the year of the Company was £8,292k (2018: £nil).

These financial statements were approved by the board of directors and authorised for issue on 15 October 2019

Director
C R Evans

The notes on pages 74 to 76 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 April 2019

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 May 2018	100	-	100
Issued share capital	100		100
Profit for the year	-	8,292	8,292
Other comprehensive income	-	-	-
Total comprehensive income	-	8,292	8,292
Dividends paid	-	(410)	(410)
At 30 April 2019	**200**	**7,882**	**8,082**
At 9 January 2018	-	-	-
Issued share capital	100	-	100
At 30 April 2018	**100**	**-**	**100**

The notes on pages 74 to 76 are an integral part of these financial statements.

Notes to the Company Financial Statements

For the year ended 30 April 2019

1 General information

The Collinson Group Limited (formerly Collinson Investments Limited) ('the Company') is a private company limited by shares incorporated in the United Kingdom. The address of its registered office and principal place of business is Cutlers Exchange, 123 Houndsditch, London, EC3A 7BU.

The Company financial statements have been presented in Pounds Sterling as this is the Company's functional currency, being the primary economic environment in which the Company operates.

The Company was established in the period ended 30 April 2018 and did not undertake any activity during this period. On 2 May the Company was part of a group reconstruction that transferred assets of Collinson International Limited (formerly known as The Collinson Group Limited) to the Company. This transaction was accounted for as a merger in line with FRS102 section 19. For the period ended 30 April 2019 the principal activity of the Company is that of a group holding company.

2 Basis of preparation

The Company financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. The Company is included in the consolidated financial statements of its parent undertaking, The Collinson Group Limited (formerly Collinson Investments Limited).

In preparing these financial statements, the Company has taken advantage of the following exemptions:

I. from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows';

II. from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7; and

III. from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by FRS 102 paragraph 4.12.

On the basis that equivalent disclosures are given in the consolidated financial statements the Company has also taken advantage of the exemption not to provide:

IV. the disclosure requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

The Company has taken advantage of the exemption available under Section 408 in the Companies Act 2006 not to present its individual statement of comprehensive income.

3 Accounting policies

The accounting policies applied by the Company are set out within the accounting policies of the consolidated financial statements presented on pages 28 to 35.

Notes to the Company Financial Statements

For the year ended 30 April 2019

4 Critical accounting judgments and key sources of estimation uncertainty

Judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

4.1 Critical judgements in applying the Company's accounting policies

(i) Assessing indicators of impairment in investments in subsidiary undertakings

In assessing whether there have been any indicators of impairment, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Recoverability of receivables

Management estimates the recoverable value of receivables and establishes a provision for the amount that is estimated not to be recoverable. In assessing recoverability management considers the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

5 Investments in subsidiary undertakings

	£'000
Cost	
At 30 April 2018	-
Additions	7,987
At 30 April 2019	**7,987**

Additions in the year relate to investments transferred from Collinson International Limited (formerly known as The Collinson Group Limited) as part of a group reconstruction.

Details of subsidiary undertakings in which the Company has an indirect investment are included in note 35 of the consolidated financial statements. The Company has direct investments in the following subsidiary undertakings:

Name	Country of incorporation	Class of shares held	Percentage of equity shares and voting rights held %
Collinson Investments Ltd	United Kingdom	Ordinary	100
Collinson International Ltd	United Kingdom	Ordinary	100
Airport Lounge Development Holdings Ltd	United Kingdom	Ordinary	100

Notes to the Company Financial Statements

For the year ended 30 April 2019

6 Trade and other receivables

	2019 £'000	2018 £'000
Due within one year		
Amounts due from parent	100	100
	100	100

7 Trade and other payables

	2019 £'000	2018 £'000
Due within one year		
Amounts owing to group undertakings	5	-
	5	-

8 Share capital

	2019 £'000	2018 £'000
Allotted, called-up and fully paid		
Ordinary shares of £1 each	200	100

The Company has one class of ordinary shares which carry voting rights but no right to fixed income. On 2 May 2018, 100,000 ordinary shares with a nominal value of £1 per share were issued for non-cash consideration of the entire issued share capital of Collinson International Limited (formerly known as The Collinson Group Limited). This transaction was part of a group reconstruction to transfer the assets of Collinson International Limited to the Company.

9 Off balance sheet arrangements

The Company has not entered into any off-balance sheet arrangements.

10 Related party transactions

The Company has taken advantage of the exemption available under FRS 102 Section 33.1A not to disclose related party transactions with other wholly owned group companies. There were no other related party transactions that require disclosure during the year ended 30 April 2019 (2018: none).

11 Parent undertaking and ultimate controlling party

The directors regard Parminder Limited, a company incorporated in the Isle of Man, to be the Company's immediate and ultimate parent undertaking. Parminder Limited does not prepare consolidated financial statements. The ultimate controlling parties identified by the directors are the Trustees of the Colin Evans 1987 Settlement, established under the laws of the Isle of Man, the beneficiary of which is Mr C R Evans.