Cannes Topco Ltd

Annual report and financial statements

Year ended

31 October 2021

Company Number 11352113

Cannes Topco Ltd

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Directors

S Byrne
I Wheeler
M Davies
Vitruvian Directors I Limited
Vitruvian Directors II Limited
E Crosier

Registered office

Venus No 1 Old Park Lane, Trafford City, Manchester, M41 7HA

Company number

11352113

Bankers

Lloyds Bank, 46-48 Market Street, Manchester, M1 1PW

Auditor

Deloitte LLP, Statutory Auditor, The Hanover Building, Corporation Street, Manchester, United Kingdom, M4 4AH

Cannes Topco Ltd

Strategic report
For the year ended 31 October 2021

The directors present their strategic report for Cannes Topco Ltd and its subsidiary undertakings (together, the 'Group') along with the audited financial statements for the year ended 31 October 2021.

Principal activity

The principal activity of the Group is the provision of a technology platform, travel content and other services to self-employed travel professionals and independent travel businesses on a franchise basis, who in turn provide holidays and corporate travel services to the public and to businesses. The principal activity of the Company is to act as a holding company as the parent of the Group.

Key performance indicators

	2021 £'000	2020 £'000
Total transaction value (TTV)	174,603	218,677
Revenue	68,108	124,480
Gross profit	11,731	17,174
Gross margin %	*17.2%*	*13.8%*
Loss before tax	(56,102)	(81,529)
Adjusted EBITDA*	(6,769)	(6,638)
Employee numbers (average)	231	392

** Defined as EBITDA plus Trust Income, being the interest received from funds held in trust accounts, less exceptional items.*

Adjusted EBITDA has been calculated as follows:

	2021 £'000	2020 £'000
Operating loss	(22,617)	(53,747)
Goodwill impairment charge	-	25,778
Depreciation of tangible assets and right-of-use assets	1,677	1,615
Amortisation of intangible assets	14,167	16,502
Exceptional administrative expenses	-	2,988
Trust income	4	226
	(6,769)	(6,638)

Business review

The Groups' Total Transaction Value ("TTV") was 20.2% lower than the prior year at £174.6m (2020 - £218.7m) for the year and revenue, being the commission we earn as an agent and the business we transact as principal, declined by 45.3%, to £68.1m (2020 - £124.5m). The Group has recorded a pre-tax loss of £56.1m (2020 – loss of £81.5m).

Adjusted EBITDA, the key measure of profitability in the business adjusted for trust income and exceptional items, was £(6.8)m (2020 - £(6.6)m). Gross profit for the year was £11.7m (2020 - £17.2m), with the gross margin % increase indicating customer pent-up demand for higher value vacations.

During the year, the Company completed a restructuring exercise as part of a cost reduction programme resulting in a significant number of employees exiting the business.

Business review (continued)

The flexibility and asset light nature of the business model together with trust account protection for customers, positions the Company well to see through the COVID-19 disruption and prosper when normal market conditions return.

I am confident that the past two years, albeit challenging, have brought to the fore the strength and adaptability of our high touch, digitally enabled business model. Our core proposition - to show care to our customers and all within our community - has proved itself to be more fundamental than ever before and put us in the strongest position possible for the future.

We have more business owners using our platform coming out of this period and our attrition level has remained as low as pre COVID levels. We also went into the pandemic with outstanding levels of customer engagement and satisfaction, and we were committed to maintain these customer relationships and protecting our brand reputation. Notably, during Covid we have maintained our 5-star Trustpilot rating and three times we topped Moneysaving Expert's consumer survey ranking of how travel companies are looking after their customers during COVID-19.

The protection of our existing customer loyalty is providing us with a very strong foundation for repeat custom and future business growth that will be accelerated further by the opportunity we have to grow market share. The increased adoption of social media and other digital tools by customers and business owners is enabling us to reach more customers who more than ever seek and value the personal advice, peace of mind and insight our travel counsellors are uniquely able to provide.

Our latest trading figures reflect this strength in our model and a growing customer demand for trusted, travel advice. Our leisure business is performing at extremely promising levels, and we are also seeing a strong corporate recovery reflecting the growing demand in the SME niche we serve for a high touch, personalised travel service from clients.

Having re-adjusted our cost base, this period has also presented an opportunity for the business to look at our current operating model and processes, identifying areas of improvement to scale the support platform with intimacy by investing in a large-scale digital transformation project across our platform. This is already having a hugely positive impact on our customers and community, enabling the company to emerge leaner and fitter than before.

The ongoing dedication from our travel counsellor and colleague community in supporting each other and our customers has also been outstanding, and I'd like to take this opportunity to highlight this and thank them for all they have done, and for their strength and resilience during this time.

Having demonstrated our ability to adapt our business model during COVID, I am extremely confident that we are perfectly placed to capitalise on the strong bounce back we are now seeing; manage and deal with any further uncertainties that may come our way; and that we can look forward to a positive and prosperous future for all in our community and our business partners.

COVID-19 update

The ongoing COVID-19 pandemic has continued to cause uncertainty to many industries, but particularly travel, throughout 2021 and into 2022. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus have negatively affected the group's results in the reporting period and up to the current day.

The currently known impacts of COVID-19 on the business are:

- ***Customer sentiment*** – customers have in some cases been less willing to or unable to confirm travel plans because of uncertainty over travel restrictions, quarantine requirements and/or testing regimes.
- ***Cancellations*** – severe travel restrictions to control the spread of the virus have prevented many customers from fulfilling travel plans, resulting in cancellations or re-bookings.

COVID-19 update (continued)

Other risks to trading and recovery are under close review and include:

- ***Travel Counsellor retention*** – Travel Counsellors as independent business owners may be unable to continue in operation for an extended time with no or limited earnings and may seek other forms of income.
- ***Travel Counsellor recruitment*** – The demand from potential Travel Counsellors to join the platform may reduce, particularly amongst those considering a move into the travel industry.
- ***Supplier failure*** – failure of some suppliers is likely, reducing options available for Travel Counsellors to meet customer needs. Other suppliers may look to negotiate less favourable terms, or seek forms of security due to the increased risk profile of the industry and access to insurance.

These impacts are mitigated by the Group's strong liquidity position ahead of the crisis, including that provided by the Group's ring-fenced trust accounts of consumer funds, the Group's flexible low fixed cost and asset light business model; and the flexible structure of the Group's banking facilities.

In particular, the Group has a long-standing history of protecting customer and suppliers monies via its ring-fenced trust accounts and is not reliant on customer money to fund working capital. The Group is therefore well positioned to manage the process of cancellations and customer refunds without a material impact on working capital.

In response to the impacts and risks, the business has continued to take rapid and decisive action including:

- we have significantly reduced the cost run-rate of the business by reducing headcount and restructuring the business;
- we have exited the Australia market where long-term financial viability was uncertain;
- we have drawn down on the Revolving Credit Facility from our lenders;
- we have received a cash injection of £18.5m from our shareholders;
- we have obtained from our lenders a covenant waiver and amendment on our debt facilities.

These significant measures were taken in the prior year, however are still relevant and mitigating factors for the current year. They have been quantified and used in various trading scenarios for the purposes of the Group's finance planning.

Principal risks and uncertainties

The following risks and uncertainties may affect the Group's operating results and financial position.

Market risks - the travel market is affected by external factors, including the economic environment, extreme weather events, acts of war and terrorism, and virus outbreaks (such as SARS-CoV-2 that has led to the COVID-19 pandemic, see 'COVID-19 risk' above). All of these external factors can have an impact on business volumes. The Group manages this risk by maintaining a low fixed cost base, offering a diverse range of products and destinations, and ensuring that its Travel Counsellors are well trained and informed, enabling them to provide good advice to their clients.

Commercial risks - the Group operates in a competitive environment in which buying habits and distribution channels are evolving over time. The potential impact of changes in the market is mitigated by a diverse range of products, the high service levels provided to the Travel Counsellors by the Group, the value added by the Travel Counsellors, the strong, long-term client relationships the Group encourages them to develop and maintain, and the flexibility derived from acting as principal as well as agent.

Principal risks and uncertainties (continued)

Foreign currency risk - the Group operates in countries outside the UK and the Group's reported financial performance is therefore influenced by movements in the exchange rate between Sterling and the overseas subsidiaries' domestic currencies.

The Group also takes on transactional currency exposures relating to the cost of foreign currency denominated product (principally accommodation). This exposure primarily relates to the Sterling:Dollar and Sterling:Euro exchange rates. The Group manages this risk by buying foreign currency to match requirements as they are generated by bookings. In periods of heightened volatility, the Group mitigates currency risk using currency options.

Regulatory environment - the travel industry is highly regulated, and the Group must comply with regulatory requirements to remain in business. The Group seeks to manage the associated risk by constantly monitoring regulatory changes, regular dialogue with the regulators and adapting the business model, operating processes and terms of trade where necessary.

Liquidity and cashflow risk - the Group manages this risk by operating trust accounts for client receipts and supplier payments, ensuring customer balances are received before cancellation costs start to accrue, maintaining accurate cash forecasts, and ensuring reasonable levels of cash and covenant headroom to accommodate any unforeseen requirements. Management continues to closely monitor its cash reserves, as any continued disruption to international travel caused by the COVID-19 pandemic would have a negative impact on the Group's ability to meet its liabilities. The Group has cash holding of £72.5m (2020 - £67.8m), which includes ringfenced trust cash for customers that have already paid (see Note 20 for further details). It is the Group's policy to place customer receipts for holidays that have not yet departed within a trust account, which is then used to pay suppliers post departure, or provide customer refunds, as has been the case with the unprecedented level of cancellations that have occurred as a result of the pandemic.

Credit and supplier failure risk - the Group offers credit terms to some corporate clients, exposing it to bad debt risk, and is exposed to the risk of failure of suppliers on itineraries where it acts as principal. The Group manages these risks through its supplier payment terms and by obtaining credit, airline-failure, and supplier-failure insurance cover against the residual exposure. Due to the sudden decline in travel, as a result of the COVID-19 pandemic, travel counsellors would have been paid commissions for flights that were subsequently cancelled, resulting in the funds being due back to the business and there is a risk that with the uncertainty still existing in the travel industry that the funds will not be recovered. The business has put in place reporting metrics to monitor and report on the level of outstanding debt and has since changed its commissions payment cycle which will aid to mitigate this risk going forward.

Cyber security - the Group operates in a digital environment, exposing it to criminal risk from individual and organised electronic activities. The Group manages these risks by following best practice security procedures, using third party security organisations and reducing where possible the storage and transmission of sensitive information. The Group's legal and IT security teams continue to monitor ongoing compliance with data protection laws.

Health and safety risk - when arranging travel as principal, the Group takes on the risk of health and safety issues arising from the product sold. The Group mitigates this risk by employing dedicated health and safety resource, utilising third party health and safety audit information in approving product for sale and obtaining tour operator insurance cover. The Group is OHSAS18001 accredited.

Directors' statement of compliance with duty to promote the success of the Company

The Directors are aware of their duty under Section 172 (1) of the Company Act 2006, to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of and decisions in the long term;
- The interest of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct;
- The need to act fairly as between members of the Group

In discharging their s.172 (1) duties the Directors have had regard to the factors set out above, as well as other factors relevant to the decisions being made. By keeping true to our brand promise of 'with us, it's personal', the Board aims to ensure that the decisions made are consistent and intended to promote the Company's long-term success.

The consequences of decisions in the long term

The Group operates in an industry that is very dynamic and fast-moving and the Board appreciates the need to remain agile in order to respond to opportunities or emerging issues as they present themselves. The Directors fulfil their duties through a governance framework that delegates day-to-day decision-making to management of the Group, which reflects the highly regulated environment in which the Group operates. Nevertheless, the Board is mindful that many decisions will have a long-term impact, and that a number of its contractual commitments will remain with the Group for many years to come. The Board is able to also draw on the wealth of experience and awareness of senior employees within the Group, who have many years of experience and truly understand the impact of decisions in the longer term, to assist in high quality and consistent outcomes.

High standards of business conduct

The Board recognises the importance of corporate governance and believes that modern slavery and human trafficking are significant global issues presenting a challenge for businesses worldwide and has committed to continually reviewing its practices to combat slavery and human trafficking. The Board has a zero-tolerance approach to modern slavery and is committed to ensuring that its group companies act ethically and with integrity in their business dealings. Further details on the Group's Modern Slavery Statement can be found on the Group's website: http://mediaserver.travelcounsellors.co.uk/HOC/MSAStatementFY19-20.pdf

The Group manages its tax affairs responsibly and seeks to build constructive relationships with all tax authorities across the various countries in which it operates and does so by engaging with local tax experts in each area, to ensure compliance and accuracy of reporting. The Board expects all of its colleagues to observe the high standards contained within the Group's policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, IT security, fraud and whistleblowing, each of which is reinforced through appropriate training.

Directors' statement of compliance with duty to promote the success of the Company (continued)

Acting fairly between members of the Group

The Board recognises its legal and regulatory duties and does not take decisions or actions, such as selectively disclosing confidential or inside information that would provide any shareholder with an unfair advantage. The Board is fairly represented by members of all the different class of shareholders.

Our key stakeholders and how we engage with them

The Directors consider the Group's key stakeholders to be its employees, its customers, its suppliers and its shareholders.

Stakeholder	Stakeholder key interest	How we engage
Employees The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company.	Our employees are interested in: - Training and development - Career progression - Reward and recognition - Engagement - Health and safety - Respect	- Regular internal communications - Training and feedback - Identifying and progressing talented individuals - Briefings and events - Colleague conference
Customers We put our customers, the Travel Counsellors, first and always aim to do the right thing. We focus on building trust and loyalty with our customers by getting to know them personally. This helps to form a strong relationship that lasts long after the booking. The Group places considerable value on its interaction with the Travel Counsellors, as they are the core of what makes the Group 'tick'.	- Efficient booking process - Transparent pricing - Helpdesk support - New and exciting packages and destinations - Clear and timely communication	- Mobile/app technology - Regular communications - Training and feedback - Briefings and events - Annual conferences - Dedicated Travel Counsellors TV - Social media

Directors' statement of compliance with duty to promote the success of the Company (continued)

Stakeholder	Stakeholder key interest	How we engage
Suppliers & partners Our suppliers are the key to having high quality products available for our customers, and we have developed very close relationships over many years of relationship building.	- Long-term relationships - Growth - Profitability of trade relationship - Responsible procurement and trust	- Regular calls with key suppliers - Regular updates with key account managers - Shared issue resolution approach - Sharing key data to allow a smooth flow of business activity - Regular commercial conversations to support a profitable trade relationship
Shareholders The confidence of our shareholders is key to delivering our strategy as access to capital may be required to secure the long-term success of our business. Our ultimate shareholders, through our parent company, are in regular communication with the Board.	- Financial performance - Governance and transparency - Operating and financial information - Confidence and trust in the Group's leadership team	- Monthly management reporting - Investor board meetings - Direct access to members of the Executive committee

Directors' statement of compliance with duty to promote the success of the Company (continued)

Stakeholder	Stakeholder key interest	How we engage
Regulators The Civil Aviation Authority (CAA) oversees the Air Travel Organisers' Licensing (ATOL) scheme which protects customers in the event of a travel company failure. We comply with the ATOL regulations and engage with the CAA to maintain a constructive and trusted relationship. There are other aspects of our business that have oversight by regulators, for example, the ICO (Information Commissioner's Office) regulates compliance with privacy laws and there are also various consumer rights regulated by bodies such as Competition Markets Authority and the Advertising Standards Authority.	- Our regulators expect us to meet relevant legal requirements and to treat our customers and employees and other stakeholders in a fair way - Responding in a timely and constructive manner. - Open dialogue and collaborative approach	- We engage with some regulators, such as the CAA on a more regular basis. We engage through reporting, audits and direct consultation - Engagement has increased in frequency during the COVID-19 pandemic - We also engage with the CAA and the wider travel community at industry meetings

Directors' statement of compliance with duty to promote the success of the Company (continued)

Stakeholder	Stakeholder key interest	How we engage
Communities and society We are a business that puts people at its heart and that includes how we support our people, customers and our wider communities, both in which we live and in which we send our customers to every day. As a fast-growing travel business, it's our duty to make sure we operate in a responsible way and ensure our only impact is a positive one.	- Ethical business managed responsibly - Building partnerships that support and create positive impact and outcomes for society - Environmental impact - Source of future employment and opportunities	Our approach to sustainability is to educate our people and customers around the importance of responsible travel, introducing more sustainable practices across the business, and identifying and signposting sustainable products and ancillaries to customers. This includes partnering with the Travel Foundation to support the charity's worldwide research and destination projects, which aim to measure and manage the impacts of tourism, working with us to roll out bespoke training programmes for our internal network and advising on the most impactful approaches to ensuring our people and customers have the insight and ability to make sustainable choices.

Approved by the Board of Directors on 23.02.2022 and signed on its behalf by:

Steve Byrne

S Byrne
Director

Cannes Topco Ltd

Directors' report
For the year ended 31 October 2021

The directors present their report together with the audited financial statements for the year ended 31 October 2021. The Group's risks and uncertainties as well as an indication of the likely future plans and developments of the Group are presented within the strategic report.

Results and dividends

The results of the year's trading and the financial position of the Group and Company are shown in the annexed financial statements.

The Group's loss for the year before taxation amounted to £56,102,000 (2020 – loss of £81,529,000). The loss after taxation for the year of £54,272,000 (2020 – loss of £77,489,000) has been transferred to the retained deficit reserve.

The directors cannot recommend the payment of a final dividend in respect of ordinary shares (2020 - same).

Directors

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

S Byrne
I Wheeler
M Davies
Vitruvian Directors I Limited
Vitruvian Directors II Limited
E Crosier

Qualifying third party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its directors and one or more directors of an associated company which were made during the year and remain in force at the date of this report.

Research and development

During 2021, the Group made additions of £1.3m (2020 - £1.5m) relating to development that has been capitalised within intangible fixed assets. This is the research and development on the Group's internal systems.

Going concern

Although the Group and the Company are in a net liability position, this results from long-term debt that has no material impact on short or medium-term cash flows. Accordingly, the directors have prepared the financial statements on the going concern basis having concluded that the Group and Company have access to adequate resources to continue in operational existence for the foreseeable future. In forming this conclusion, the directors have taken into account the Group's current levels of liquidity (including that provided by the Group's ring-fenced trust accounts for consumer funds), the flexible structure of the Group's banking facilities (particularly with regards to potential relief in respect of covenant tests), support of the principal shareholders, and financial modelling based on several factors, assumptions and estimates reflecting the information currently available to the directors. In particular, the Group has a long-standing history of protecting customer and supplier monies via its ring-fenced trust accounts and is not reliant on customer money to fund its working capital.

Going concern (continued)

As discussed in note 2 of the financial statements, the COVID-19 crisis continues to disrupt the global travel industry, with no historic data to support a recovery timeline. At its most severe and long-term, the inability for customers to complete their travel plans could hinder the Group's and Company's ability to generate cash. Given the current financial position of the Group, this could result in a material uncertainty to remain within the financial covenants within the banking facility agreement and within the covenants set by the CAA. Therefore as a result of the material uncertainty at the Cannes Group, this in turn creates a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Credit risk

The Group offers credit terms to some corporate clients, exposing it to bad debt risk, and is exposed to the risk of failure of suppliers on itineraries where it acts as principal. The Group manages these risks through its supplier payment terms and by obtaining credit, airline-failure, and supplier-failure insurance cover against the residual exposure. Due to the sudden decline in travel, as a result of the COVID-19 pandemic, travel counsellors would have been paid commissions for flights that were subsequently cancelled, resulting in the funds being due back to the business and there is a risk that with the uncertainty still existing in the travel industry that the funds will not be recovered. The business has put in place reporting metrics to monitor and report on the level of outstanding debt and have now since changed its commissions payment cycle which will aid to mitigate this risk going forward.

Cashflow and liquidity risk

The Group manages this risk by operating trust accounts for client receipts and supplier payments, ensuring customer balances are received before cancellation costs start to accrue, maintaining accurate cash forecasts, and ensuring reasonable levels of cash and covenant headroom to accommodate any unforeseen requirements. Management continues to closely monitor its cash reserves, as any continued disruption to international travel caused by the COVID-19 pandemic would have a negative impact on the Group's ability to meet its liabilities. The Group has cash holding of £72.5m (2020 - £67.8m), which includes ringfenced trust cash for customers that have already paid (see Note 20 for further details).

Disabled employees

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

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through regular internal communications which are made to all employees to ensure that they are kept well informed of the performance of the Group. The Group seeks to work with each individual employee, enabling them to reach and maximise their potential in the context of their own personal circumstances.

Charitable donations

Charitable donations of £2,700 (2020 - £9,600) were made during the year.

Events after the reporting period

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

Engagement with suppliers, customers and others

Please refer the s172 statement in the Strategic Report for details on how the Directors engage with suppliers, customers and other key stakeholders.

Greenhouse gas emissions, energy consumption and energy efficiency action

The data below relates wholly to the United Kingdom for the year to 31 October 2021.

	Energy usage (kWh)	**GHG Emissions (kg CO_2e)**
Purchased electricity	728,151	154,608
Total	**728,151**	**154,608**
Intensity ratio		
Total transaction value £'000 (TTV)		174,603
Total kg CO_2e per £m TTV		1.129

The comparative information for the year to 31 October 2020 is as follows.

	Energy usage (kWh)	**GHG Emissions (kg CO_2e)**
Purchased electricity	515,921	120,282
Total	**515,921**	**120,282**
Intensity ratio		
Total transaction value (TTV)		218,677
Total kg CO_2e per £m TTV		1.818

The methodology adopted involved capturing energy consumption data through utility billing via the Group's landlord for electricity usage at its UK Headquarters. To perform the carbon conversion, we utilised the Government conversion factors for company reporting of greenhouse gas emissions found here:

https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting.

Greenhouse gas emissions, energy consumption and energy efficiency action (continued)

The Group comes under the umbrella of its Manchester UK headquarters landlord's energy programme and reporting, which aims to promote recycling and reduction of carbon emissions. Going forward, we plan to look at various other areas around carbon reduction globally, such as renewable energy in our data centre and how we can be more efficient in terms of our employee behaviours. These measures should lead to a reduction in greenhouse gas emissions, which the Group will use to track its progress.

Future developments

The Group's core strategic focus - attracting more Travel Counsellors to our platform, supporting them in growing their businesses and in delivering a superior personal service to customers - is proven to deliver revenue and profit growth, which remains unchanged. Notwithstanding the uncertain long-term impacts on travel behaviour as a result of COVID-19, the Group is well positioned strategically to address the underlying long-term trends in the leisure and business travel sector and the wider economy. The forward earnings visibility afforded by the lead time from booking to departure, strong potential for further growth in Travel Counsellor franchisee numbers, and the reliable track record of new Travel Counsellors developing their businesses provides a good degree of confidence in long-term growth prospects.

We strongly believe that our customers are eager to get back to travelling and enjoying holidaying again, which has led to a large pent-up demand for holidays again. The business and our Travel Counsellors have used this pandemic to strengthen their position within the industry and potential customers are now more than willing to depend on trusted travel advice during these uncertain times.

Core customers and clients are relatively premium, make complex trips and value convenience and travel outcomes above price. Travel Counsellor franchisees have the freedom to run their businesses in the way that best suits their own talents, aspirations and lifestyle. They build long-term relationships with customers, sourced from their own network or from referrals, and provide those customers with a high touch, personalised service that drives high repeat rates. The Group's asset, labour and marketing-light operating model is highly scalable, and the personal relationships franchisees create with their customers are increasingly enhanced through digital technologies. The business model, over time, will continue to strengthen with investment in the platform by the Group in digital technology and advanced analytics, enabling delivery of more effective tools and support to Travel Counsellor business owners, that enhances their productivity and augments the close relationships they foster with their customers and clients.

Disclosure of information to auditor

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

- So far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- That director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006, subject to board approval.

Approved by the Board of Directors on 23.02.2022 and signed on its behalf by:

S Byrne
Director

Directors' responsibilities statement
For the year ended 31 October 2021

The directors are responsible for preparing the Annual 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 are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Cannes Topco Ltd (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 October 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated statement of comprehensive income;
- the Consolidated and parent Company statements of financial position;
- the Consolidated and parent Company statements of changes in equity;
- the Consolidated statement of cash flows; and
- the related notes 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, concerning the Group's and Company's ability to continue as a going concern which indicates that COVID-19 is continuing to create material uncertainty in terms of trading which may impact the Group's and Company's ability to generate sufficient cash, potentially requiring additional equity for working capital and/or to stay within the financial covenants in the Group's banking facility agreement and within the covenants set by the CAA. As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.co.uk/auditorsresponsibilities.This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included GDPR, employment law, health and safety and building regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition: We have identified a risk in relation to the manual journals posted to revenue: In addressing the risk we have updated our understanding of the nature of the revenue and the associated processes and key controls; and performed focused detailed testing on the revenue transactions.

- Valuation of internally developed intangible assets: We have challenged managements' judgement regarding the appropriateness of the carrying value by performing detailed testing of the historic intangible base and additions capitalised in the year.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

Date: 23 February 2022

Cannes Topco Ltd

Consolidated statement of comprehensive income
For the year ended 31 October 2021

	Note	2021 £'000	2020 £'000
Total transaction value (TTV) - unaudited		***174,603***	*218,677*
Revenue	4	**68,108**	124,480
Cost of sales		**(56,377)**	(107,306)
Gross profit		**11,731**	17,174
Administrative expenses		**(34,348)**	(42,155)
Administrative expenses – exceptional items	6	**-**	(2,988)
Goodwill impairment charge	13	**-**	(25,778)
Operating loss		**(22,617)**	(53,747)
Interest receivable and other similar income	8	**21**	294
Interest payable and other similar costs	9	**(33,438)**	(28,940)
Other (losses)/gains	24	**(68)**	864
Loss before taxation	5	**(56,102)**	(81,529)
Taxation	12	**1,830**	4,040
Loss for the financial year		**(54,272)**	(77,489)
Other comprehensive income for the year			
Amounts that will not be reclassified subsequently into profit or loss			
Exchange adjustments on translation of overseas operations		**(201)**	254
Total comprehensive expense for the year		**(54,473)**	(77,235)
Loss for the financial year attributable to:			
Owners of the Company		**(54,305)**	(77,278)
Non-controlling interests		**33**	(211)
		(54,272)	(77,489)
Total comprehensive expense for the financial year attributable to:			
Owners of the Company		**(54,506)**	(77,024)
Non-controlling interests		**33**	(211)
		(54,473)	(77,235)

The notes on pages 28 to 66 form part of these financial statements.

Cannes Topco Ltd
Registered number: 11352113

Consolidated statement of financial position
As at 31 October 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Assets					
Non-current assets					
Goodwill	13		**122,687**		122,687
Other intangible assets	14		**81,778**		94,692
Property, plant and equipment	15		**2,288**		2,964
Right-of-use asset	16		**2,081**		2,421
Deferred tax asset	25		**7,012**		2,319
			215,846		225,083
Current assets					
Inventories	18	**-**		122	
Trade and other receivables	19	**36,568**		27,916	
Derivative financial instruments	24	**3**		71	
Cash and cash equivalents	20	**72,504**		67,775	
Total current assets		**109,075**		95,884	
Current liabilities					
Trade and other payables	21	**(58,177)**		(56,234)	
Lease liabilities	30	**(722)**		(755)	
Borrowings	23	**(1,175)**			
Deferred revenue	22	**(49,665)**		(24,939)	
Other provisions	26	**-**		(2,950)	
Net current (liabilities)/assets			**(664)**		11,006
Total assets less current liabilities			**215,182**		236,089
Non-current liabilities					
Borrowings	23		**(360,537)**		(329,513)
Lease liabilities	30		**(1,610)**		(1,858)
Deferred tax liabilities	25		**(20,310)**		(17,520)
Net liabilities			**(167,275)**		(112,802)

The notes on pages 28 to 66 form part of these financial statements.

Cannes Topco Ltd
Registered number: 11352113

Consolidated statement of financial position (continued)
As at 31 October 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Shareholders' funds					
Called up share capital	27		**19**		19
Share premium	28		**-**		1,489
Retained deficit	28		**(166,846)**		(113,829)
Deficit attributable to the owners of the Group			**(166,827)**		(112,321)
Non-controlling interests			**(448)**		(481)
Total deficit			**(167,275)**		(112,802)

The financial statements were approved and authorised for issue by the Board of Directors on23.02.2022 and were signed on its behalf by:

Steve Byrne

S Byrne
Director

The notes on pages 28 to 66 form part of these financial statements.

Cannes Topco Ltd
Registered number: 11352113

Company statement of financial position
As at 31 October 2021

	Note	2021 £'000	2021 £'000	2020 £'000 (as restated)	2020 £'000 (as restated)
Assets					
Non-current assets					
Investments in subsidiaries	17		**150,787**		150,787
Trade and other receivables	19		**26,034**		26,117
			176,821		176,904
Current assets					
Trade and other receivables	19	**154**		39	
Current liabilities					
Trade and other payables	21	**(69)**		(85)	
Net current assets/(liabilities)			**85**		(46)
Total assets less current liabilities			**176,906**		176,858
Non-current liabilities					
Borrowings	23		**(241,676)**		(216,527)
Net liabilities			**(64,770)**		(39,669)
Shareholders' funds					
Called up share capital	27		**19**		19
Share premium	28		**-**		1,489
Retained deficit	28		**(64,789)**		(41,177)
Deficit attributable to owners of the Company			**(64,770)**		(39,669)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £25,101,000 (2020 – loss of £18,776,000).

The financial statements were approved and authorised for issue by the Board of Directors on 23.02.2022 and were signed on its behalf by:

Steve Byrne

S Byrne
Director

The notes on pages 28 to 66 form part of these financial statements.

Cannes Topco Ltd

Consolidated statement of changes in equity
For the year ended 31 October 2021

	Called up share capital £'000	Share premium £'000	Retained deficit £'000	Total £'000	Non-controlling interests £'000	Total deficit £'000
At 1 November 2019	19	1,483	(36,805)	(35,303)	(270)	(35,573)
Loss for the year	-	-	(77,278)	(77,278)	(211)	(77,489)
Other comprehensive income for the year						
Exchange adjustments on translation of overseas operations	-	-	254	254	-	254
Total comprehensive expense for the year	-	-	(77,024)	(77,024)	(211)	(77,235)
Shares issued during the year (note 27)	-	6	-	6	-	6
Movement in equity attributable to non-controlling interests	-	-	-	-	-	-
At 31 October 2020	**19**	**1,489**	**(113,829)**	**(112,321)**	**(481)**	**(112,802)**
Loss for the year	-	-	**(54,305)**	**(54,305)**	**33**	**(54,272)**
Other comprehensive expense for the year						
Exchange adjustments on translation of overseas operations	-	-	**(201)**	**(201)**	-	**(201)**
Total comprehensive expense for the year	-	-	**(54,506)**	**(54,506)**	**33**	**(54,473)**
Movement in equity attributable to non-controlling interests	-	-	-	-	-	-
Reduction of share premium (note 27)	-	**(1,489)**	**1,489**	-	-	-
At 31 October 2021	**19**	-	**(166,846)**	**(166,827)**	**(448)**	**(167,275)**

The notes on pages 28 to 66 form part of these financial statements.

Cannes Topco Ltd

Company statement of changes in equity
For the year ended 31 October 2021

	Called up share capital £'000	Share premium £'000	Retained deficit £'000	Total £'000
At 1 November 2019	19	1,483	(22,401)	(20,899)
Loss and total comprehensive expense for the year	-	-	(18,776)	(18,776)
Shares issued during the year (note 27)	-	6	-	6
At 31 October 2020	**19**	**1,489**	**(41,177)**	**(39,669)**
Loss and total comprehensive expense for the year	**-**	**-**	**(25,101)**	**(25,101)**
Reduction of share premium (note 27)	**-**	**(1,489)**	**1,489**	**-**
At 31 October 2021	**19**	**-**	**(64,789)**	**(64,770)**

The notes on pages 28 to 66 form part of these financial statements.

Cannes Topco Ltd

Consolidated statement of cash flows
For the year ended 31 October 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss for the year before taxation		**(56,102)**	(81,529)
Adjustments for:			
Other losses/(gains)	24	**68**	(864)
Interest payable	8	**33,438**	28,940
Interest receivable	9	**(21)**	(294)
Amortisation	14	**14,167**	16,502
Depreciation of tangible assets	15	**877**	1,023
Depreciation of right-of-use assets	16	**800**	592
Effect of foreign exchange		**(108)**	921
Impairment of intangible assets	13	**-**	25,778
(Profit) on disposal of property, plant and equipment	15	**-**	(3)
Loss on disposal of other intangible assets	14	**-**	731
		(6,881)	(8,203)
Decrease in inventories	18	**122**	125
(Increase)/Decrease in trade and other receivables	19	**(8,503)**	23,652
Increase in trade and other payables	21	**1,943**	126
Increase/(Decrease) in deferred revenue	22	**24,726**	(38,368)
Increase/(Decrease) in provisions	26	**(2,950)**	2,950
Cash generated from/(used in) operations		**8,457**	(19,718)
Income taxes received		**39**	678
Net cash generated from/(used in) operating activities		**8,496**	(19,040)
Investing activities			
Bank interest received		**21**	294
Purchase of intangible fixed assets		**(1,254)**	(1,669)
Proceeds from sale of property, plant and equipment		**-**	7
Purchase of tangible fixed assets		**(680)**	(741)
Net cash used in investing activities		**(1,913)**	(2,109)

The notes on pages 28 to 66 form part of these financial statements.

Cannes Topco Ltd

Consolidated statement of cash flows (continued)
For the year ended 31 October 2021

	2021 £'000	2020 £'000
Financing activities		
Bank interest paid	**(874)**	(3,993)
Principal paid on lease liabilities	**(646)**	(618)
Interest paid on lease liabilities	**(124)**	(120)
Bank loan drawdown	**-**	9,800
Proceeds from issue of preference shares	**-**	18,500
Proceeds from sale of shares	**-**	32
Net cash (used in)/generated from financing activities	**(1,644)**	23,601
Net increase in cash and cash equivalents	**4,939**	2,452
Cash and cash equivalents at beginning of year	**67,775**	65,741
Effect of foreign exchange rate changes	**(210)**	(418)
Cash and cash equivalents at end of year	**72,504**	67,775

The notes on pages 28 to 66 form part of these financial statements.

1 General information

Cannes Topco Ltd (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on the contents page. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards).

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting year, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency. All balances have been rounded to the nearest thousand pound.

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

The parent Company financial statements have been prepared in accordance with FRS 101 and has taken the available exemption to not prepare a Statement of Cash Flows.

The principal accounting policies adopted are set out below and have all been applied consistently throughout the year and previous period.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 October each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 Accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Going concern

The ongoing COVID-19 pandemic has continued to cause uncertainty to many industries, but particularly travel, throughout 2021 and into 2022. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus have negatively affected the group's results in the reporting period and up to the current day.

The current known impacts of COVID-19 on the business are:

- **Consumer sentiment** - customers have in some cases been less willing to or unable to confirm travel plans because of uncertainty over travel restrictions, quarantine requirements and/or testing regimes.
- **Cancellations** - severe travel restrictions to control the spread of the virus have prevented many customers from fulfilling travel plans, resulting in cancellations or re-bookings.

Other risks to trading and recovery are under close review and include:

- **Travel Counsellor retention** - Travel Counsellors as independent business owners may be unable to continue in operation for an extended time with no or limited earnings and may seek other forms of income.
- **Travel Counsellor recruitment** - The demand from potential Travel Counsellors to join the platform may reduce, particularly amongst those considering a move into the travel industry.
- **Supplier failure** - failure of some suppliers is likely, reducing options available for Travel Counsellors to meet customer needs. Other suppliers may look to negotiate less favourable terms, or seek forms of security due to the increased risk profile of the industry and access to insurance.

These impacts are mitigated by the Group's strong liquidity position ahead of the crisis, including that provided by the Group's ring-fenced trust accounts of consumer funds, the Group's flexible low fixed cost and asset light business model; and the flexible structure of the Group's banking facilities.

In particular, the Group has a long standing history of protecting customer and suppliers monies via its ring-fenced trust accounts and is not reliant on customer money to fund working capital. The Group is therefore well positioned to manage the process of cancellations and customer refunds without a material impact on working capital.

2 Accounting policies (continued)

Going concern (continued)

In response to the impacts and risks, the business has continues to take rapid and decisive action including:

- we have significantly reduced the cost run-rate of the business by reducing headcount and restructuring the business;
- we have exited the Australia market where long-term financial viability was uncertain;
- we have drawn down on the Revolving Credit Facility from our lenders;
- we have received a cash injection of £18.5m from our shareholders; and
- we have obtained from our lenders a covenant waiver and amendment on our debt facilities.

These significant measures were taken in the prior year, however are still relevant and mitigating factors for the current year. They have been quantified and used in various trading scenarios for the purposes of the Group's finance planning.

Adoption of new and revised standards

Impact of the initial application of other new and amended IFRS standards that are effective for the current year

In the current financial year, the Group has applied amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020.

Standard	**Amendment**	**Impact on the financial statements**
Amendments to IAS 1 & IAS 8: Definition of Materiality	Materiality is a key concept in preparing financial statements according to IFRS. The amendments refine the definition of 'material' and clarify how to apply materiality. The amendments also align the definition of 'material' and ensure consistency in the application of that concept across all IFRS Standards.	No impact
Framework: Amendments to References to the Conceptual Framework in IFRS Standards	The revised Conceptual Framework includes revised definitions of an asset and a liability, and new guidance on measurement and derecognition, presentation and disclosure. References to the Conceptual Framework in existing Standards are updated. The revised Conceptual Framework is not subject to the Endorsement Process.	No impact
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (Phase 1)	The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies' financial reporting. They are intended to secure the continuation of hedging relationships despite the replacement of current interest rates with alternative rates. Entities also must disclose the extent to which their hedges are affected by the interest rate benchmark reform.	Not material

2 Accounting policies (continued)

Adoption of new and revised standards (continued)

Impact of the initial application of other new and amended IFRS standards that are effective for the current year (continued)

Standard	**Amendment**	**Impact on the financial statements**
Amendments to IFRS 16: COVID-19 Related Rent Concessions	The amendments published by the IASB on 28 May 2020 provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Lessees applying the exemption must account for the rent concessions as if they were not lease modifications. The amendments are available for rent concessions reducing lease payments due on or before 30 June 2021.	No impact
Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	The amendments published by the IASB on 31 March 2020 extend the period of application of the aforementioned amendments to IFRS 16 issued on 28 May 2020 for another year.	No impact

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17: Insurance Contracts;
- IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- Amendments to IAS 8: Definition of Accounting Estimates; and
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

2 Accounting policies (continued)

New and revised IFRS Standards in issue but not yet effective (continued)

Standard	Amendment	Effective date
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2021
Amendments to IAS 28	Long-term Interests in Associates or Joint Ventures	1 January 2021
Amendments to IAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement	1 January 2021
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2021
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2021
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2021

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill

Goodwill represents the difference between the fair value of the net assets of subsidiary undertakings at the date of acquisition and their purchase price. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

The directors have undertaken a detailed review of each area of the business and as a result concluded that no impairment charge against the carrying value of goodwill should be recognised.

Intangible fixed assets: development costs

This relates to the cost of the development of the Group's innovative in-house booking system called Phenix. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2 Accounting policies (continued)

Intangible fixed assets: development costs (continued)

An internally generated intangible asset arising from the Company's development of their in-house booking system ('Phenix') and other IT systems is recognised if, and only if, all of the following conditions have been demonstrated:

- the development is technically feasible;
- the Group is able to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible assets; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The estimated useful life of this intangible asset has been assessed to be ten years. Amortisation is included within administrative expenses.

Intangible fixed assets: trademarks

Trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, which is 25% per annum. Amortisation is included within administrative expenses.

Intangible fixed assets: computer software

Computer software is carried at cost less accumulated amortisation. Externally acquired computer software is capitalised and amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, at 20% per annum (5 years). Amortisation is included within administrative expenses.

Intangible fixed assets: websites & customer relationship management systems

Costs for developing the websites and customer relationship management ("CRM") systems are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, which is 33% per annum. Amortisation is included within administrative expenses.

Intangible fixed assets: brand

The brand was acquired in a business combination and recognised separately from goodwill. This was initially recognised at fair value at the acquisition date and is being amortised on a straight-line basis over its estimated useful life, which is 6.7% per annum (15 years). Amortisation is included within administrative expenses.

Intangible fixed assets: customer list

The customer list was acquired in a business combination and recognised separately from goodwill. This was initially recognised at fair value at the acquisition date and is being amortised on a straight-line basis over its estimated useful life, which is 33% per annum (3 years). Amortisation is included within administrative expenses.

2 Accounting policies (continued)

Intangible fixed assets: franchise model

The franchise model was acquired in a business combination and recognised separately from goodwill. This was initially recognised at fair value at the acquisition date and is being amortised on a straight-line basis over its estimated useful life, which is 10% per annum (10 years). Amortisation is included within administrative expenses.

Total transaction value (TTV)

TTV, which is stated net of VAT, does not represent the Group's statutory turnover. TTV represents the price at which holidays have been sold by the Group, plus other associated revenues.

Revenue

Bespoke travel packages (Principal)
Revenue is generated through the provisioning of bespoke travel packages to customers. These packages are designed by Travel Counsellors and offered to both leisure and business travellers. These packages include a variety of different components such as airfares, hotel bookings, transfers between home and airport and other services as per the customer requirements. Packages for business travellers further includes rail bookings, personal assistant (PA) services and other services for business events. Consideration received from the customer is fixed in nature and includes the amount payable by the customer for the underlying services, and in certain instances for business travel customers additional charges such as credit card fees. Revenue is recognised upon booking departure.

Sale of third-party services (Agent)
Revenue is generated through the sale of third party supplier's services such as airfares and hotel bookings to customers for both leisure and business travel. Travel Counsellors acts as an agent on behalf of these third parties and earns a commission based on a defined markup. In addition to the commission earned on each travel component sold to an end customer, Travel Counsellors also earns a rebate from certain suppliers based on a cumulative target of total travel components sold over a defined period of time. Revenue is recognised 2 months prior to departure or at the point of booking, whichever is the later of the two.

Fee charged to travel counsellors
The revenue stream comprises two types of fees charged to travel counsellors (Individuals who act in the capacity of travel agents and liaise with Travel Counsellors' clients to structure holiday packages and sell on third party services).

a) Joining fees: Revenue is generated through charging a one-off joining fee to new travel counsellors which includes initial onboarding and training.
b) Monthly fee: Revenue is generated through charging a monthly fee to travel counsellors which allows them access to the underlying booking platform and support services from TCL.

The key judgements in relation to revenue recognition are included within note 3.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Exceptional items

Exceptional items are not defined by IFRS, but IAS 1 notes that individually material, standalone balances should be presented separately on the face of the statement of comprehensive income. Exceptional items in the prior period relate to an ongoing legal dispute which has been settled during the current financial year.

2 Accounting policies (continued)

Foreign currencies

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

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each period end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates 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.

Exchange differences are recognised in profit or loss in the period in which they arise. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the period end date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

Operating profit

Operating profit is stated before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

2 Accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the period end date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Government grants

Government support income, including furlough income, is booked against administrative expenses on the face of the consolidated statement of comprehensive income. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is measured at cost less depreciation and provision for impairment. Expenditure on property plant and equipment items is recognised as an addition in the period in which it is incurred.

Depreciation is calculated on all tangible fixed assets, using the straight-line method to write-off the cost or valuation over their estimated useful life.

The rates of depreciation used are:

Fixtures and fittings	-	10% per annum
Leasehold property improvements	-	10% per annum
Computer hardware	-	20% per annum
Motor vehicles	-	25% per annum

Impairment of tangible and intangible assets excluding goodwill

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

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

Investments

In the Company statement of financial position, investments in subsidiaries and associates are measured at cost less impairment.

Inventories

Inventory is stated at the lower of cost and net realisable value. Inventory is held under the first in first out ("FIFO") method.

2 Accounting policies (continued)

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

2 Accounting policies (continued)

Leases (continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

2 Accounting policies (continued)

Financial instruments (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 24.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit year of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

2 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 24.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 26.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each period end date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Cash and liquid resources

Liquid resources comprise money held by the Group's bankers on short-term deposit and amounts held in trust. These amounts are included within cash at bank and in hand in the statement of financial position. These liquid resources are held as a financial guarantee for the Group's travel licences and for the protection of monies collected from passengers and due to Tour Organisers. Amounts held in trust are included within liquid resources and a corresponding liability, representing amounts payable to tour operators and collected from passengers, is included within trade creditors and deferred income. Transfers are made between the Group's bank accounts and the trust account on a daily basis.

Deferred revenue

Until the date of holiday departure, inclusive holiday tours revenue receivable in advance is included in deferred revenue on the statement of financial position.

3 Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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 financial statements.

Going concern

For the assumptions made in the going concern assessment see the detail contained within note 2.

Capitalisation of IT development costs

Determining the amounts to be capitalised involves judgement and is dependent upon the nature of the related development; namely whether it is capital (i.e. relating to the enhancement of the Phenix system or another internally generated IT system) or expenditure (as relating to the ongoing maintenance of the IT systems) in nature. Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and IT systems controlled by the Group are recognised as intangible assets if the recognition criteria set out in the accounting policies in note 2 are met.

Identification of one cash generating unit

The identification of cash generating units that support the Goodwill balance is a significant judgement. The Group is deemed to be the smallest cash generating unit in operation due to the administrative and support teams all being located within the UK and all individual Travel Counsellors being subject to similar franchise terms regardless of the territory they operate in. The impairment review as explained in more detail within the Impairment of investments, intangible and tangible fixed assets has been completed on this basis.

Revenue recognition

A key judgement in recognising revenue is to distinguish where the Group's businesses act in the capacity of principal or agent so to determine the accounting as either gross or net respectively. In line with IFRS 15 Revenue from Contracts with Customers. The Group exercises judgement to assess principal or agency by considering if it is the prime obligor in all revenue arrangements, has pricing discretion and is exposed to inventory and credit risk in which case the Group will be principal to the arrangement.

3 Critical accounting estimates and judgements (continued)

Critical accounting estimates

Impairment of investments, intangible and tangible fixed assets

Determining whether assets are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (note 13). The carrying amount of intangible fixed assets (note 14), including goodwill (note 13) at the period end date was £204.5m (2020 - £217.4m) and fixed assets (notes 15 and 16) was £4.4m (2020 - £3.0m). The directors have undertaken a detailed review of each area of the business and as a result concluded that no impairment charge against the carrying value of goodwill or other intangible assets should be recognised (2020 - £25.8m).

Within the parent Company the investments (note 17) total £150.8m (2020 - £150.8m). No impairment has been identified following the value in use calculation.

4 Revenue

Revenue is attributable to UK, Rest of Europe and Other Worldwide:

	2021 £'000	2020 £'000
Continuing operations		
Sales of services	**68,108**	124,480
Split into:		
UK	**52,567**	101,517
Rest of Europe	**7,920**	13,416
Other Worldwide	**7,621**	9,547
	68,108	124,480

The directors are of the opinion that there is only one class of business, being the provision of travel arrangements, either as principal or agent. All revenue is derived from the principal activity of the Group, that of a travel management company.

5 Loss for the year

	2021 £'000	2020 £'000
The loss for the year is stated after charging:		
Amortisation of intangibles	**14,167**	16,502
Depreciation of tangible assets	**877**	1,023
Depreciation of right-of-use assets	**800**	592
Impairment of goodwill	**-**	25,778
Cost of inventory recognised as an expense	**122**	54
Staff costs (see note 10)	**12,779**	14,294

6 Exceptional costs

	2021 £'000	2020 £'000
Legal costs	-	2,988

During the prior year, the Group incurred legal costs of £3.0m in relation to a legal dispute which was settled in the year.

7 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	**29**	21
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries including overseas audit	**236**	256
Total audit fees	**265**	277
Total non-audit fees	**15**	19

Non-audit fees totalling £15,000 (2020 - £19,000) relate to regulatory reporting.

8 Interest receivable and other similar income

	2021 £000	2020 £'000
Bank interest receivable	**21**	294

9 Interest payable and other similar costs

	2021 £000	2020 £'000
Bank loan interest	**7,294**	7,136
Loan note interest	**25,096**	21,506
Debt issue costs amortised	**768**	603
Loss/(gain) on foreign exchange revaluation	**181**	(477)
Commitment fees	**18**	152
Lease liability interest	**81**	20
	33,438	28,940

10 Staff costs

	2021 £'000	2020 £'000
Group staff costs, including directors, during the year amounted to:		
Wages and salaries	**11,438**	12,564
Social security costs	**973**	1,203
Pension costs (note 31)	**368**	527
	12,779	14,294

The monthly average number of Group employees during the year, including directors, within each category of persons was:

	2021 No.	2020 No.
Administration	**110**	98
Sales	**121**	294
	231	392

The Company does not have any employees other than the directors.

11 Directors' remuneration

The remuneration of the directors is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. There were six statutory directors (2020 - five) who were remunerated in the year. Costs associated with statutory directors is included within the disclosure below:

	2021 £'000	2020 £'000
Directors emoluments	**1,027**	451
Post-employment benefits	**39**	-
	1,066	451

The number of directors to which pension contributions are accruing is three (2020 - nil). During the year £38,500 (2020 - £Nil) pension contributions were paid in respect of these directors.

The emoluments of the highest paid director were £317,000 (2020 - £307,000). The Company's contributions to the relevant pension scheme in respect of this director were £Nil (2020 - £Nil).

Key management personnel are considered to be the statutory directors and so there is no change in disclosure to that shown above.

12 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	**(257)**	(1,413)
Adjustments in respect of prior periods	**330**	979
Overseas tax	**-**	29
Total current tax	**73**	(405)
Deferred tax		
Origination and reversal of temporary differences	**(5,200)**	(4,953)
Adjustments in respect of prior periods	**58**	(884)
Effect of changes in tax rates	**3,239**	2,202
Total deferred tax	**(1,903)**	(3,635)
Taxation credit for the year	**(1,830)**	(4,040)

Factors affecting tax credit in the year

The tax on loss before tax for the year is higher (2020 – higher) than the standard rate of corporation tax in the UK of 19% (2020 – 19%).

	2021 £'000	2020 £'000
Loss before tax	**(56,102)**	(81,529)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	**(10,659)**	(15,491)
Effects of:		
Adjustments in respect of prior periods	**388**	95
Income not taxable	**(203)**	(42)
Effect of overseas tax rates	**-**	(148)
Tax rate changes	**3,239**	2,202
Items on which deferred tax is not yet recognised	**(41)**	(147)
Expenses not deductible	**5,303**	9,491
Loss carry back	**143**	-
Total tax credit for year	**(1,830)**	(4,040)

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced in the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at the year-end has been calculated based on the rate as at the year-end date.

13 Goodwill

Group

	2021 £'000
Cost	
At 1 November 2019, 31 October 2020 and 31 October 2021	**148,465**
Impairment	
At 1 November 2019	-
Charge for the year	25,778
At 31 October 2020 and 31 October 2021	**25,778**
Net book value	
At 31 October 2020	122,687
At 31 October 2021	**122,687**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ('CGUs') or group of units that are expected to benefit from that business combination. There is only one CGU within the Group as set out in note 3.

Goodwill has an indefinite useful life. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs and the group of units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, expected changes to selling prices and direct costs and expected level of capital expenditure in the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Group has conducted a sensitivity analysis on the impairment test of the CGU's carrying value. An increase in the discount rate of 2.0 percentage points coupled with a decrease in the growth rate of 2.0 would cause the carrying value of goodwill to equal its recoverable amount and results in there being nil headroom.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Board for the next five years and extrapolates cash flows using a terminal growth value based on an estimated growth rate of 2 per cent. This is applied to the Group's forecasted EBITDA. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows is 14 per cent. The headroom under these forecasts is £64.5m.

14 Other intangible assets

Group	Computer software £'000	Development costs & trademarks £'000	Website & customer relationship management system £'000	Brand £'000	Customer list £'000	Franchise model £'000	Total £'000
Cost							
At 1 November 2020	862	10,190	693	21,309	14,471	87,606	135,131
Additions	305	922	27	-	-	-	1,254
At 31 October 2021	**1,167**	**11,112**	**720**	**21,309**	**14,471**	**87,606**	**136,385**
Amortisation							
At 1 November 2020	804	2,853	521	3,433	11,657	21,172	40,440
Charge for the year	63	1,004	104	1,421	2,814	8,761	14,167
At 31 October 2021	**867**	**3,857**	**625**	**4,854**	**14,471**	**29,933**	**54,607**
Net book value							
At 31 October 2021	**300**	**7,255**	**95**	**16,455**	**-**	**57,673**	**81,778**
At 31 October 2020	58	7,337	172	17,876	2,814	66,434	94,691

The Company has no other intangible assets.

15 Property, plant and equipment

Group	Leasehold property improvements £'000	Fixtures and fittings £'000	Computer hardware £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 November 2020	329	2,087	4,884	45	7,345
Additions	-	31	170	-	201
At 31 October 2021	**329**	**2,118**	**5,054**	**45**	**7,546**
Depreciation					
At 1 November 2020	164	1,056	3,116	45	4,381
Charge for the year	32	204	641	-	877
At 31 October 2021	**196**	**1,260**	**3,757**	**45**	**5,258**
Net book value					
At 31 October 2021	**133**	**858**	**1,297**	**-**	**2,288**
At 31 October 2020	165	1,031	1,768	-	2,964

The Company does not have any property, plant and equipment.

16 Right-of-use assets

Group	Buildings £'000	Computer hardware £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 November 2020	3,304	122	90	3,516
Additions	460	-	-	460
At 31 October 2021	**3,764**	**122**	**90**	**3,976**
Amortisation				
At 1 November 2020	1,024	16	55	1,095
Charge for the year	742	25	33	800
At 31 October 2021	**1,766**	**41**	**88**	**1,895**
Net book value				
At 31 October 2021	**1,998**	**81**	**2**	**2,081**
At 31 October 2020	2,280	106	35	2,421

The Company does not have any right-of-use assets.

The Group leases several assets including buildings, plants, IT equipment. The average lease term is 4 years.

The maturity analysis of lease liabilities is presented in note 30.

17 Investments in subsidiaries

Company

	2021 £'000
Cost and net book value	
At 1 November 2019 and 1 November 2020	150,787
At 31 October 2021	**150,787**

The Group consists of a parent Company, Cannes Topco Ltd, incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by Cannes Topco Ltd, which operate and are incorporated around the world.

Information about the composition of the Group at the end of the reporting period is as follows. The subsidiary undertakings included in the consolidated financial statements at 31 October 2021 were:

Name of subsidiary	Registered office	Country of registration	Ordinary shareholding (%)
Travel Counsellors Limited	Venus No 1 Old Park Lane, Trafford City, Manchester, England, M41 7HA	England & Wales	100
Travel Counsellors (Ireland) Limited	NSC Campus, Mahon, Cork	Ireland	100
Travel Counsellors Nederland BV	Emmapark 8, 2595 ET The Hague	Netherlands	100
Travel Counsellors Proprietary Limited	4/34 Queen Street, Melbourne, Victoria 3000	Australia	100
Travel Counsellors Proprietary Limited	Floor 11, Norton Rose Fulbright House, 8 Riebeek Street, Cape Town 8001	South Africa	48
TC Africa 1 Proprietary Limited	Floor 11, Norton Rose Fulbright House, 8 Riebeek Street, Cape Town 8001	South Africa	100
TC Holdco Proprietary Limited	Floor 11, Norton Rose Fulbright House, 8 Riebeek Street, Cape Town 8001	South Africa	76
TC BEECo Proprietary Limited	Floor 11, Norton Rose Fulbright House, 8 Riebeek Street, Cape Town 8001	South Africa	52
Gazania Investments Three Hundred and Seventy Two (Proprietary) Limited	Floor 11, Norton Rose Fulbright House, 8 Riebeek Street, Cape Town 8001	South Africa	100
TC Africa DMC Proprietary Limited	Floor 11, Norton Rose Fulbright House, 8 Riebeek Street, Cape Town 8001	South Africa	100
Travel Counsellors LLC	dnata Travel Centre, Sheikh Zayed Road, Dubai	United Arab Emirates	49
Travel Counsellors Belgium BVBA	Travel Counsellors Nederland BV, Emmapark 8, 2595 ET The Hague	Belgium	100

17 Investments in subsidiaries (continued)

Name of subsidiary	Registered office	Country of registration	Ordinary shareholding (%)
Bob Sopel Travel Limited*	Venus No 1 Old Park Lane, Trafford City, Manchester, England, M41 7HA	England & Wales	100
Travel Counsellors LLC*	-	USA	100
Travel Counsellors S.L.*	-	Spain	100
Travel Counsellors (Canada) Limited*	-	Canada	100
Travel Counsellors Group Limited	Venus No 1 Old Park Lane, Trafford City, Manchester, England, M41 7HA	England & Wales	100
TC Bidco Limited	Elizabeth House, 9 Castle Street, St Helier, Jersey, JE2 3RT	Jersey	100
TC Holdco 2 Limited	Elizabeth House, 9 Castle Street, St Helier, Jersey, JE2 3RT	Jersey	100
TC Holdco 1 Limited	Elizabeth House, 9 Castle Street, St Helier, Jersey, JE2 3RT	Jersey	100
Cannes Bidco Limited	Venus No 1 Old Park Lane, Trafford City, Manchester, England, M41 7HA	England & Wales	100
Cannes Midco II Limited	Venus No 1 Old Park Lane, Trafford City, Manchester, England, M41 7HA	England & Wales	100
Cannes Midco Limited	Venus No 1 Old Park Lane, Trafford City, Manchester, England, M41 7HA	England & Wales	100

All of the above, with the exception of Cannes Midco Limited are indirect subsidiaries. The principal activities of the subsidiaries are as travel agents and intermediary investment holding companies. The companies marked with a single asterisk are now dormant. All other companies are active.

It has been deemed that Cannes Topco Ltd have operational control of Travel Counsellors LLC and therefore whilst the shareholding totals 49% this has been accounted for as a subsidiary undertaking.

It has been deemed that Cannes Topco Ltd have control of Travel Counsellors Proprietary Limited and its voting rights and therefore whilst the shareholding totals 48% this has been accounted for as a subsidiary undertaking.

Bob Sopel Travel Limited, Travel Counsellors LLC, Travel Counsellors S.L. and Travel Counsellors (Canada) Limited are entitled to, and have opted to take, exemption from the requirement for their individual financial statements to be audited under s480 of the Companies Act 2006 relating to dormant companies.

18 Inventories

	Group 2021 £'000	Group 2020 £'000
Merchandise	-	122

There is no material difference between the replacement cost of stock and the amounts presented above.

An expense of £122k (2020 - £98k) was recognised in the year in respect of slow-moving or obsolete stock.

19 Trade and other receivables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000 (as restated)
Non-Current Assets				
Amounts owed by subsidiary undertaking	-	-	**26,034**	26,117
Current Assets				
Trade receivables	**15,126**	2,682	-	-
Other debtors	**1,079**	25	**25**	25
Refunds due from suppliers	-	8,206	-	-
Current tax asset	**297**	148	**115**	-
Prepayments	**20,066**	16,855	**14**	14
	36,568	27,916	**154**	39

Amounts owed by subsidiary undertakings of £26.1m were previously presented within current receivables in 2020. Given that these items are not expected to be settled within 12 months of the balance sheet date, these should have been presented in non-current receivables in the prior period. Accordingly, amounts presented in current receivables in 2020 have been reclassified to non-current receivables.

Amounts owed by subsidiary undertakings are unsecured, repayable on demand and therefore attract no interest. Other debtors relate to unpaid share capital (see note 27).

An expense of £103,000 (2020 - £Nil) was recognised in the profit or loss in the current year in respect of bad or doubtful trade receivables.

20 Cash and cash equivalents

	Group 2021 £'000	Group 2020 £'000
Cash at bank	**14,207**	26,202
Fixed term deposits	**-**	933
Amounts held in trust	**58,297**	40,640
	72,504	67,775

Amounts held in trust are restricted cash held separately. These amounts are held as a financial guarantee for the Group's travel licences and for the protection of monies collected from passengers and due to Tour Organisers.

Fixed term deposits and amounts held in trust have been classed as liquid resources in the preparation of the statement of cash flows. The Company does not have any cash.

21 Trade and other payables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade creditors	**50,589**	48,724	**-**	-
Refunds owed to customers	**3,718**	2,178	**-**	-
Accruals	**3,870**	5,332	**69**	85
	58,177	56,234	**69**	85

22 Deferred revenue

	Group 2021 £'000	Group 2020 £'000
Deferred revenue	**49,665**	24,939

The deferred revenue arises from payments made in advance of travel by customers. Within the Group, revenue is recognised on departure date in the case of principal bookings and at the date at which commission falls due for agency bookings.

The directors are satisfied that the risks and rewards do not transfer until these points. All bookings are paid for in advance by leisure customers and these are allocated to deferred income which is held on the statement of financial position and recognised in the statement of comprehensive income when the revenue recognition point is met.

23 Borrowings

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank loan	**118,678**	111,750	**-**	-
Preference shares	**241,676**	216,527	**241,676**	216,527
Loan notes	**1,358**	1,236	**-**	-
	361,712	329,513	**241,676**	216,527

The bank loans are secured on the assets of the Group and the loan notes and preference shares are unsecured.

These instruments have the following terms:

Group

Description	**2021 £'000**	**2020 £'000**	**Terms**
Bank loans			
Bank term debt – Facility B	**111,160**	104,712	Facility B is a term loan for £100m with interest repayments scheduled throughout the loan's duration. As part of negotiation with lenders due to the financial impact of the Covid-19 pandemic, interest is now accruing and added to the principal amount for the duration of the loan facility. The loan was taken out on 31 May 2018 and is repayable on 31 May 2025.
Bank term debt – acquisition facility	**n/a**	n/a	The acquisition facility is for £5m and is available to drawdown for acquisitions. If utilised, this is repayable on 31 May 2025. As part of negotiation with lenders due to the financial impact of the Covid-19 pandemic, this facility has been cancelled.
Bank term debt – revolving facility	**9,800**	9,800	The Group has a Revolving Facility of £10m available to itself and various Group members, of which £9.8m had been utilised at the period end.
Unamortised debt costs	**(2,282)**	(2,762)	These debt costs are being unwound over the 7- year life of the loan.
	118,678	111,750	

23 Borrowings (continued)

Description	2021 £'000	2020 £'000	Terms
Redeemable A preference shares (non-convertible)	**149,583**	149,583	On 2 September 2020, a further £19,675k of preference shares were issued to Red Rose SARL in settlement of outstanding loan notes. The amount is repayable on redemption, which has no fixed date. Interest is accrued monthly and compounded annually.
Redeemable B preference shares (non-convertible)	**7,852**	7,852	On 31 May 2018, £7,644k of preference shares were issued to management and the proceeds used as consideration as part of the acquisition of TC Holdco 1 Limited. The amount is repayable on redemption, which has no fixed date. Interest is accrued monthly and compounded annually.
Redeemable S preference shares (non-convertible)	**18,542**	18,500	On 2 September 2020, £18,500k of preference shares were issued to Red Rose SARL and the proceeds used to fund working capital needs of the business. The amount is repayable on redemption, which has no fixed date. Interest is accrued monthly and compounded annually.
Preference share dividends	**65,699**	40,592	Dividends on preference shares that has been accrued up to 31 October.
	241,676	216,527	

Description	2021 £'000	2020 £'000	Terms
Loan notes	**967**	967	In September 2020, £15,520k of loan notes due to Red Rose SARL were settled, with the issuance of preference shares. The remaining £967k of loan notes are due to management, £939k (2020 - £939k) and £28k to a service provider as part of the acquisition of TC Holdco 1 Limited. These are repayable on 31 May 2028. Interest is accrued and compounded monthly.
Loan note interest	**391**	269	Interest on loan notes that has been compounded up to 31 October.
	1,358	1,236	

23 Borrowings (continued)

All the instruments are in Sterling.

The weighted average interest rates paid during the period were as follows:

	2021	2020
Bank loans	6.55%	6.55%
Preference shares	14.00%	14.00%
Loan notes	11.50%	11.50%

Borrowings are repayable as follows:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Due within one year				
Bank loans	**1,175**	-	-	-
Due between two and five years				
Bank loans	**119,785**	114,512	-	-
Less arrangement fees allocated in future periods	**(2,282)**	(2,762)	-	-
	118,678	111,750	-	-
Due in more than five years				
Preference shares	**175,977**	175,935	**175,977**	175,935
Preference share dividends	**65,699**	40,592	**65,699**	40,592
	241,676	216,527	**241,676**	216,527
Due in more than five years				
Loan notes	**967**	967	-	-
Loan note interest	**391**	269	-	-
	1,358	1,236	-	-
	361,712	329,513	**241,676**	216,527

24 Financial instruments

Derivative financial instruments

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Financial assets carried at fair value through profit or loss (FVTPL)				
Forward foreign currency contracts	3	71	-	-

The Group uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

All derivative financial instruments are shown at fair value in the statement of financial position. The fair values have been determined by reference to Level 2 techniques in the hierarchy described above. The fair value of derivative financial instruments represents the maximum credit exposure.

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the period-end. All of the forward contracts have maturities of less than one year after the period-end date.

Outstanding contracts

	Group Notional value 2021 £'000	Group Notional value 2020 £'000	Group Fair value 2021 £'000	Group Fair Value 2020 £'000
Less than 3 months	3,220	4,467	3	54
Between 3 and 6 months	2,790	784	-	8
Greater than 6 months	5,527	1,107	-	9
	11,537	6,358	3	71

The Group takes on transactional currency exposures relating to the cost of foreign currency denominated product. The Group has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions.

24 Financial instruments (continued)

Losses of £68,000 (2020 – gains of £864,000) were recognised in gains and losses in the statement of comprehensive income. Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 23 after deducting cash and bank balances) and equity of the Group (comprising issued share capital, share premium, retained deficit and non-controlling interests as disclosed in notes 27 and 28).

The Group is not subject to any externally imposed capital requirements.

Liquidity risk management

The Group manages this risk by operating trust accounts for client receipts and supplier payments, ensuring customer balances are received before cancellation costs start to accrue, maintaining accurate cash forecasts, and ensuring reasonable levels of cash and covenant headroom to accommodate any unforeseen requirements. Maturity analysis of derivatives held are disclosed in this note.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Categories of financial instruments

The carrying values of the Group financial assets and liabilities are summarised by category below:

	Group 2021 £'000	Group 2020 £'000
Financial assets		
Cash	**72,504**	67,775
Trade receivables	**15,126**	2,682
Fair value through profit and loss (FVTPL) – forward foreign currency contracts	**3**	71
	87,633	70,528

24 Financial instruments (continued)

Categories of financial instruments (continued)

	Group 2021 £'000	Group 2020 £'000
Financial liabilities		
Debt held at amortised cost	**361,712**	329,513
Trade payables	**50,589**	48,724
	412,301	378,237

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Financial assets - Cash and cash equivalents

These comprise cash held by the Group or Company and short-term bank deposits with an original maturity of three months or less and amounts held in trust that are accessible at the point the customer has travelled.

Financial assets - Trade and other receivables

There comprise trade and other receivables and details are given in note 19 to the consolidated financial statements.

Financial liabilities - Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. The carrying amount of trade payables approximates to their fair value.

Financial liabilities - Borrowings

Details of bank loans and loan notes are given in note 23 to the consolidated financial statements.

Financial risk management objectives

The Group's Finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk and the use of financial derivatives. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

24 Financial instruments (continued)

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts and currency options to hedge the exchange rate risk arising on the currencies in United Arab Emirates Dirham, Australian Dollars, Canadian Dollars, Euros, Hong Kong Dollars, New Zealand Dollars, Singapore Dollars, Thai Bhat, US Dollars and South African Rand; and
- interest rate swaps to mitigate the risk of rising interest rates.

Foreign currency exchange risk

Due to the nature of its business, the Group engages in foreign currency denominated transactions. Further, the Group is exposed to movements in foreign currency exchange on its retranslation risk on investments in foreign subsidiary companies.

The following significant exchange rates were applied during the year:

	Average rate 31 October 2021	**Reporting date spot rate 31 October 2021**	**Average rate 31 October 2020**	**Reporting date spot rate 31 October 2020**
United Arab Emirates Dirham	**0.19791**	**0.19881**	0.21188	0.21030
Australian Dollar	**0.54825**	**0.55081**	0.52993	0.54295
Canadian Dollar	**0.57942**	**0.59168**	0.57797	0.57988
Euro	**0.86684**	**0.84746**	0.87982	0.90058
South African Rand	**0.04931**	**0.04750**	0.04744	0.04758

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

	Group 2021 £'000	**Group 2020 £'000**
Interest income and expense		
Total interest income for financial assets at amortised cost	**21**	294
Fair value (losses) and gains		
On derivative financial assets measured at fair value through profit or loss	**(68)**	864

25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current reporting period.

	Accelerated tax (capital allowances)/ depreciation £'000	Temporary timing differences £'000	Tax losses £'000	Identified on acquisition £'000	Total £'000
At 1 November 2020	(967)	1,279	1,040	(16,553)	(15,201)
Credit/(charge) to profit or loss	(811)	2,701	1,992	(1,979)	1,903
At 31 October 2021	**(1,778)**	**3,980**	**3,032**	**(18,532)**	**(13,298)**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances which are separately allocated to assets and liabilities and not offset.

	2021 £'000	2020 £'000
Deferred tax asset	**7,012**	2,319
Deferred tax liability	**20,310**	17,520

At the year-end date, the Group has unused tax losses of £3,983,000 (2020 - £1,386,000) available for offset against future profits. A deferred tax asset has been recognised in respect of £3,032,000 (2020 - £1,040,000) of such losses. This is based on future forecasts of the Group and these losses have been deemed recoverable.

The protection of our existing customer loyalty is providing us with a very strong foundation for repeat custom and future business growth that will be accelerated further by the opportunity we have to grow market share. Our latest trading figures reflect this strength in our model and a growing customer demand for trusted, travel advice. Our leisure business is in fact now already performing ahead of 2019 levels and we are also seeing a strong corporate recovery reflecting the growing demand in the SME niche we serve for a high touch, personalised travel service from clients. This is supportive of the recognition of deferred tax assets in respect of losses available for offset against future profits.

Amounts due over one year amount to deferred tax assets totalling £7,012,000 (2020 - £2,319,000) and deferred tax liabilities totalling £20,310,000 (2020 - £17,520,000). Amounts due within one year amount to deferred tax assets totalling £Nil (2020 - £Nil).

The Company has no deferred tax balances.

26 Other provisions

	Restructuring provision £'000	Legal provision £'000	Total £'000
At 1 November 2020	1,355	1,595	2,950
Utilised in the year	(1,355)	(1,595)	(2,950)
At 31 October 2021	-	-	-

Restructuring provision: Due to the impact of COVID-19, the business had to commence a restructuring programme, which looked to permanently reduce the cost base of the business. Costs provided for materially covered the agreed redundancy payment for all affected staff. These costs were settled in full in the year.

Legal provision: Provision for the settlement of a legal dispute, which was settled in full in the year.

27 Share capital

	2021 £'000	2020 £'000
Authorised, called up and fully paid		
Ordinary shares of £0.01 each (2020 - £0.01 each)	**19**	19

On 9 May 2018, the Company issued 1,204,151 ordinary A shares at a nominal value of £0.01 per share, 70,849 ordinary B shares at a nominal value of £0.01 per share and 225,000 ordinary C shares (there are seven sub classes of C shares) at a weighted average nominal value of £0.03 per share. On 22 November 2018, the Company issued 1,929 ordinary B shares at a nominal value of £0.01 per share. £1 was paid for each share, resulting in a share premium balance being recognised of £1,483,000 at year end. 24,750 C shares were issued but not paid up at the year end, with a nominal value of £0.01 per share and issued at £1 each. There are 1,000 ordinary D shares with a nominal value of £0.0000001 each authorised but not yet allotted. Preferences shares are split into A preference shares and B preference shares and these are accounted for as liabilities - see note 23.

The A shares carry 75% of the voting rights and C1, C2, C3, C4, C5 shares carry 5% each. The remaining classes of shares are non-voting: C6, C7, B and D shares.

During the prior year, the Company allocated 26,250 C6 Ordinary shares at a price of £1.23 per share resulting in an increase in share premium of £6k.

During the year, a capital reduction was performed on the share premium account resulting in a reduction of the share premium account of £1,489k, reducing the share premium account to £Nil, and a corresponding increase in retained deficit.

28 Reserves

The Group's capital and reserves are as follows:

Share premium

The share premium account includes the premium in issue of equity shares, net of any issue cost. A reduction of the share premium account was performed in the year, releasing the full balance to retained deficit.

Retained deficit

The retained deficit account represents cumulative profits or losses net of dividends paid and other adjustments.

29 Analysis of net debt

	1 November 2020 £'000	Cash flows £'000	Fair value gains and losses £'000	Other non-cash movements £'000	31 October 2021 £'000
Cash and bank balances	67,775	4,729	-	-	**72,504**
Derivative financial instruments	71	-	(68)	-	**3**
Redeemable preference shares	(216,527)	-	-	(25,149)	**(241,676)**
Loan notes	(1,236)	-	-	(122)	**(1,358)**
Bank debt	(114,512)	874	-	(7,322)	**(120,960)**
Debt issue costs	2,762	-	-	(480)	**2,282**
Net debt	**(261,667)**	**5,603**	**(68)**	**(33,073)**	**(289,205)**

30 Leases

	2021 £'000	2020 £'000
Analysed as:		
Non-current	**1,610**	1,858
Current	**722**	755
	2,332	2,613

30 Leases (continued)

	2021 £'000	2020 £'000
Undiscounted maturity analysis		
Year 1	**722**	755
Year 2	**574**	646
Year 3	**529**	497
Year 4	**507**	442
Year 5	**-**	442
Onwards	**-**	-
	2,332	2,782

The following amounts in respect of leases, where the Group is a lessee, have been recognised in profit or loss:

	2021 £'000	2020 £'000
Interest expense on lease liabilities	**81**	20
Expense relating to short-term leases	**-**	-

The total cash outflow for leases is as follows:

	2021 £'000	2020 £'000
Total cash outflow	**177**	868

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group treasury function.

31 Pension commitments

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to profit or loss of £368,000 (2020 - £527,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 October 2021, contributions of £161,000 (2020 - £88,000) due in respect of the current reporting period had not been paid over to the schemes.

32 Liquid resources

Liquid resources comprise money held by the Group's banks on short-term deposit totalling £Nil (2020 - £933,000) and amounts held in trust totalling £58,297,000 (2020 - £40,640,000). These amounts are included within cash at bank and in hand in the statement of financial position. These liquid resources are held as a financial guarantee for the Group's travel licences and for the protection of monies collected from passengers and due to Tour Organisers.

33 Contingencies

The Company and Group acts as guarantor in respect of borrowings between Cannes Bidco Limited, Pemberton EMMDF 11 Holdings S.A.R.L, Pemberton Debt Holdings UK S.A.R.L and Lloyds Bank Plc. The amount owed by Cannes Bidco Limited at the period-end totalled £119.8m (2020 - £114.5m).

34 Related party transactions

Vitruvian Partners LLP are deemed to be a related party by virtue of being the ultimate controlling party.

In September 2020, redeemable A preference shares of £19.7m were issued to Red Rose SARL, in settlement for issued loan notes and accrued interest. This issue, coupled with issue on 31 May 2018, of £129.7m which were issued to a number of funds managed by Vitruvian Partners LLP and £230,000 to a service provider brings total redeemable A preference shares to £149.6m. These are held within borrowings within non-current liabilities. As at 31 October 2021, dividends of £58.6m (2020 - £37.9m) have been accrued on these preference shares and is also included within borrowings within non-current liabilities.

On 31 May 2018, redeemable B preference shares of £7,644,000 were issued to management. On 22 November 2018, a further £208,000 redeemable B preference shares were issued to management. These are held within borrowings within non-current liabilities. As at 31 October 2021, dividends of £3,372,000 (2020 - £2,260,000) have been accrued on these preference shares and is also included within borrowings within non-current liabilities. All preference shares are repayable on redemption, which has no fixed date.

In September 2020, loan notes and accrued interest issued to Red Rose SARL, totalling £19.7m, were settled with the issuance of preference A shares. Remaining loan notes of £28k relate to those issued on 31 May 2018 to a service provider. These are held within borrowings within non-current liabilities. As at 31 October 2021, interest of £12,000 (2020 - £8,000) has been accrued on these loan notes and is also included within borrowings within non-current liabilities.

On 31 May 2018, loan notes of £914,000 were issued to management. On 22 November 2018, a further £26,000 loan notes were issued to management. These are held within borrowings within non-current liabilities. As at 31 October 2021, interest of £379,000 (2020 - £261,000) has been accrued on these loan notes and is also included within borrowings within non- current liabilities. All loan notes are repayable on 31 May 2028.

Details of remuneration of key management personnel is contained in note 11. Details of borrowings is contained in note 23.

35 Controlling party

The directors consider the ultimate controlling party to be Vitruvian Partners LLP, which manages various funds, holding 82.8% of the issued equity share capital of Cannes Topco Ltd.

The smallest and largest Group in which the results of the Company and Group are consolidated is that headed by the Cannes Topco Ltd. No other consolidated financial statements include the results of the Company.