

STEWART TRAVEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

STEWART TRAVEL LIMITED

COMPANY INFORMATION

Directors	B Cassidy D Wilson R Green
Registered number	SC400502
Registered office	3rd Floor, Sterling House 20 Renfield Street Glasgow G2 5AP
Independent auditors	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 7-10 Chandos Street London W1G 9DQ

STEWART TRAVEL LIMITED

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

Review of developments and future prospects

The directors present their report and the financial statements for the year ended 31 October 2019.

Total transaction value has increased in the period under review from £95,351,532 to £101,622,627 and gross profit shows a year on year increase to £10,695,618 (2018: £9,597,418). The objective for the business is long term growth and the necessary investment in the cost base sees operating expenses increase to £10,065,077 (2018: £8,902,659). EBITDA (before management charges) increased to £1,404,915 (2018: £1,398,618) whilst operating profit decreased to £630,541 (2018: £694,759).

The above noted positive trends were achieved as a result of generating an increased level of enquiries and focussing on improving conversion statistics across all aspects of the business. In particular the specialist businesses in both leisure and corporate travel outperformed the market. This is in line with management's strategy to develop all areas of the business through organic and, as appropriate opportunities arise, acquisitive growth.

Whilst management believe that the business is well placed to secure underlying growth in the future, it is also aware of the potential negative effects on travel industry profitability that may arise in the very short term as a result of the current outbreak of Covid-19. In this respect, management monitor the trends on a daily basis and, where appropriate, take mitigating action. As a travel distributor in the leisure and business travel market Stewart Travel will be impacted by these negative effects to the detriment of short term profitability.

Principal risks and uncertainties

The Board meets regularly and evaluates the Company's risk position. The principal risk and uncertainties facing the Company are detailed below.

The risks relating to the travel businesses are primarily its reliance on supply from tour operators and airlines, and changes in general economic and other business conditions which may adversely affect demand for tourism products.

Liquidity risk - The Company maintains sufficient funds for operational liquidity. The Board considers liquidity risk at Board meetings through the monitoring of cash levels and detailed cash forecasts. Funding to date has been obtained through operational activities or via the parent company.

Foreign currency risk - In the year ended 31 October 2019 the Company has no financial risk occurring from foreign currency transactions.

Interest rate risk - The Company finances its operations through a mixture of equity and borrowings. The Group has historically borrowed in Sterling only. To the extent that non operational finance is required it is organised through the parent company and accordingly no interest rate risk arises.

We also believe that the Company can meet key business risks of competition and employee retention.

Credit Risk - The Company has external debtors, however, the Company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Travel risk – Restrictions, or a loss in confidence, in travel arising as a result of International health issues such as Covid-19 pose a risk to the business. When such issues arise, the Board actively monitor trends in development of such health issues, their likely impact on customer demand, and seek to maximise the offsetting impact of mitigating actions.

STEWART TRAVEL LIMITED

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

Financial key performance indicators

The financial indicators of the company are:

	2019	2018	Variance
	£	£	%
Turnover	11,183,600	9,995,301	12
Gross profit	10,695,618	9,597,418	11
EBITDA (before management charges)	1,404,915	1,398,618	< 1%

This report was approved by the board on 12 March 2020 and signed on its behalf.

D Wilson
Director

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

The directors present their report and the financial statements for the year ended 31 October 2019.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The Company is a limited company incorporated in Scotland. The principal activity of the Company in the period under review was that of a travel agent.

Results and dividends

The profit for the year, after taxation, amounted to £513,050 (2018 - £674,022).

During the year the company paid a dividend of £Nil (2018: £Nil).

Directors

The directors who served during the year were:

B Cassidy

D Wilson

R Green

F Haller (appointed 2 November 2018, resigned 28 February 2019)

STEWART TRAVEL LIMITED

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

Employees and disabled persons

The Company is committed to a policy of recruitment and promotion on the basis of aptitude without discrimination of any kind. Management actively pursue both the employment of disabled persons whenever suitable vacancies arise and the continued employment and retraining of employees who become disabled whilst employed by the Company.

The Company's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and face-to-face meetings with management. Information on the Company's performance is maintained through a regular newsletter and bi-annual conferences. The Performance and Development Review process ensures employees are made aware of their individual contribution to the business.

Disclosure of information to auditors

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

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

Post balance sheet events

In December 2019, the Stewart Travel business ceased to transact business through the Hays Independence Group and began operating on an entirely independent basis under direct licenses through the CAA, ABTA and IATA.

During February 2020 the impact of the Covid-19 outbreak has been widely reported across the travel industry. As a travel distributor in the leisure and business travel market Stewart Travel is experiencing a short term negative impact on business performance.

Auditors

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 March 2020 and signed on its behalf.

D Wilson

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEWART TRAVEL LIMITED

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEWART TRAVEL LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEWART TRAVEL LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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

Shilen Manek ACA FCCA (Senior Statutory Auditor)

for and on behalf of
Simmons Gainsford LLP

Chartered Accountants
Statutory Auditors

7-10 Chandos Street
London
W1G 9DQ

12 March 2020

STEWART TRAVEL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2019**

		2019 £	As restated 2018 £
	Note		
Total transaction value	101,622,627	95,351,532	
Turnover	4	11,183,600	9,995,301
Cost of sales		(487,982)	(397,883)
Gross profit		<u>10,695,618</u>	<u>9,597,418</u>
Administrative expenses		(10,065,077)	(8,902,659)
Operating profit	5	<u>630,541</u>	<u>694,759</u>
Interest payable and expenses	7	(4,880)	(20,737)
Profit before tax		<u>625,661</u>	<u>674,022</u>
Tax on profit	8	(112,611)	-
Profit for the financial year		<u><u>513,050</u></u>	<u><u>674,022</u></u>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 26 form part of these financial statements.

STEWART TRAVEL LIMITED
REGISTERED NUMBER: SC400502

BALANCE SHEET
AS AT 31 OCTOBER 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets	9	5,302,652	5,684,909
Tangible assets	10	504,146	521,551
Investments	11	2,000	-
		<u>5,808,798</u>	<u>6,206,460</u>
Current assets			
Debtors: amounts falling due within one year	12	3,058,339	2,158,907
Cash at bank and in hand	13	858,328	223,408
		<u>3,916,667</u>	<u>2,382,315</u>
Creditors: amounts falling due within one year	14	(2,738,580)	(2,114,940)
Net current assets		<u>1,178,087</u>	<u>267,375</u>
Total assets less current liabilities		<u>6,986,885</u>	<u>6,473,835</u>
Net assets		<u><u>6,986,885</u></u>	<u><u>6,473,835</u></u>
Capital and reserves			
Called up share capital	16	2,974,525	2,974,525
Share premium account	17	884,715	884,715
Profit and loss account	17	3,127,645	2,614,595
		<u><u>6,986,885</u></u>	<u><u>6,473,835</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 March 2020.

B Cassidy
Director

The notes on pages 11 to 26 form part of these financial statements.

STEWART TRAVEL LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2018 (as previously stated)	2,974,525	884,715	2,900,704	6,759,944
Prior year adjustment (notes 18,24)	-	-	(286,109)	(286,109)
At 1 November 2018 (as restated)	<u>2,974,525</u>	<u>884,715</u>	<u>2,614,595</u>	<u>6,473,835</u>
Comprehensive income for the year				
Profit for the year	-	-	513,050	513,050
At 31 October 2019	<u>2,974,525</u>	<u>884,715</u>	<u>3,127,645</u>	<u>6,986,885</u>

The notes on pages 11 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2017	2,974,525	884,715	1,940,573	5,799,813
Comprehensive income for the year				
Profit for the year (as restated)	-	-	674,022	674,022
At 31 October 2018 (as restated)	<u>2,974,525</u>	<u>884,715</u>	<u>2,614,595</u>	<u>6,473,835</u>

The notes on pages 11 to 26 form part of these financial statements.

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

1. General information

Stewart Travel Limited is a private company limited by shares and is incorporated in Scotland, registration number SC400502. The address of the registered office is 3rd Floor, Sterling House 20 Renfield Street, Glasgow, G2 5AP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements were previously prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union (EU). The management considered the change of accounting standards to Financial Reporting Standard 102 would provide a better consistency with its regular management reporting. The change results in restatements being made to the comparatives in these financial statements, the impact of which is being explained in Note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Brooklyn Travel Holdings Limited as at 31 October 2019 and these financial statements may be obtained from 42 High Street, Northwood, Middlesex, United Kingdom, HA6 1BL.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

In the opinion of the directors, the Company has adequate resources to continue in operational existence for the foreseeable future based on forecasts prepared by the directors of the Company and the expected continued profitability. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

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

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company acts as an agent between the service provider and the end customer, therefore revenue is presented on a net basis as the difference between the sales to the customer and the cost of the services purchased and not the total transaction value. Revenue is recognised on booking date.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.8 Finance costs

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

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

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

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

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

2.10 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.11 Intangible assets

Goodwill

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

Other intangible assets

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

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

2.12 Tangible fixed assets

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

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

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold improvements	-	Over the term of the lease
Motor vehicles	-	3-5 years straight line
Fixtures and fittings	-	3-5 years straight line

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

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

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors

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

2.15 Cash and cash equivalents

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

2.16 Creditors

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

2.17 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing

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

2. Accounting policies (continued)**2.17 Financial instruments (continued)**

transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

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

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

The preparation of the financial statements in accordance with generally accepted financial accounting principles requires the directors to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The key estimates and assumptions that have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year are goodwill, which has been assessed as per the note 9 and the directors are of the opinion that the carrying value, based on discounted cash flows is recoverable.

4. Turnover

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

	2019	2018
	£	£
Sales commission	11,111,600	9,995,301
Other income	<u>72,000</u>	<u>-</u>
	2019	2018
	£	£
United Kingdom	<u>11,183,600</u>	<u>9,995,301</u>

STEWART TRAVEL LIMITED

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

5. Operating profit

The operating profit is stated after charging:

	2019	As restated 2018
	£	£
Tangible fixed assets - depreciation	223,367	417,750
Intangible fixed assets - amortisation	506,007	286,109
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	24,000	19,000
Operating lease rentals	<u>555,313</u>	<u>466,135</u>

6. Employees

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	5,823,348	5,243,483
Social security costs	481,440	408,289
Cost of defined contribution scheme	106,995	57,207
	<u>6,411,783</u>	<u>5,708,979</u>

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

	2019 No.	2018 No.
Administrative	39	35
Sales	227	210
	<u>266</u>	<u>245</u>

7. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest payable	<u>4,880</u>	<u>20,737</u>

STEWART TRAVEL LIMITED

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

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	112,611	-
	<hr/>	<hr/>
	112,611	-
	<hr/>	<hr/>
Total current tax	<hr/> <u>112,611</u>	<hr/> <u>-</u>
Deferred tax		
	<hr/>	<hr/>
Total deferred tax	<hr/> <u>-</u>	<hr/> <u>-</u>
	<hr/>	<hr/>
Taxation on profit on ordinary activities	<hr/> <u>112,611</u>	<hr/> <u>-</u>

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

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

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

	2019	As restated 2018
	£	£
Profit on ordinary activities before tax	<u>625,661</u>	<u>674,022</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	118,876	128,064
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	54,361	54,361
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,295	(4,225)
Depreciation for year in excess of capital allowances	(584)	9,530
Utilisation of tax losses	(58,281)	-
Changes in provisions leading to an increase (decrease) in the tax charge	(3,056)	-
Group relief	-	(187,730)
Total tax charge for the year	<u><u>112,611</u></u>	<u><u>-</u></u>

Factors that may affect future tax charges

The Company has trading losses of £Nil (2018: £306,744) carried forward to set against future profits of the same trade.

The Finance Act 2016 announced that the proposed reduction in the main corporation tax rate from 2020 would be 17%. However, the government has indicated that this reduction will not occur although the necessary legislation has yet to be enacted.

STEWART TRAVEL LIMITED

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

9. Intangible assets

	Computer software £	As restated Goodwill £	As restated Total £
Cost			
At 1 November 2018 (as restated)	1,724,484	5,608,840	7,333,324
Additions	123,750	-	123,750
At 31 October 2019	1,848,234	5,608,840	7,457,074
Amortisation			
At 1 November 2018 (as restated)	1,362,306	286,109	1,648,415
Charge for the year	219,898	286,109	506,007
At 31 October 2019	1,582,204	572,218	2,154,422
Net book value			
At 31 October 2019	266,030	5,036,622	5,302,652
At 31 October 2018 (as restated)	362,178	5,322,731	5,684,909

STEWART TRAVEL LIMITED

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

10. Tangible fixed assets

	Leasehold improvements £	Furniture and equipment £	Total £
Cost or valuation			
At 1 November 2018	424,723	996,052	1,420,775
Additions	98,479	107,483	205,962
Disposals	-	(788,600)	(788,600)
At 31 October 2019	523,202	314,935	838,137
Depreciation			
At 1 November 2018	144,246	754,978	899,224
Charge for the year on owned assets	43,542	179,825	223,367
Disposals	-	(788,600)	(788,600)
At 31 October 2019	187,788	146,203	333,991
Net book value			
At 31 October 2019	335,414	168,732	504,146
At 31 October 2018	280,477	241,074	521,551

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	2,000
At 31 October 2019	2,000

STEWART TRAVEL LIMITED

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

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Stewart Travel Transport Limited	Scotland	Dormant	Ordinary	100 %

12. Debtors

	2019 £	2018 £
Trade debtors	1,672,928	1,188,246
Amounts owed by group undertakings	209,863	-
Other debtors	130,000	-
Prepayments and accrued income	1,045,548	970,661
	<u>3,058,339</u>	<u>2,158,907</u>

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>858,328</u>	<u>223,408</u>

STEWART TRAVEL LIMITED

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

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	396,067	346,164
Amounts owed to group undertakings	993,262	735,310
Corporation tax	112,611	-
Other taxation and social security	588,171	605,834
Other creditors	201,292	153,736
Accruals and deferred income	447,177	273,896
	<u>2,738,580</u>	<u>2,114,940</u>

15. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,012,791</u>	<u>1,188,246</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,037,798)</u>	<u>(1,509,106)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other short term debtors.

Financial liabilities measured at amortised cost comprise trade creditors, parent company loans repayable on demand and other short term creditors.

16. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,974,525 (2018 - 2,974,525) Ordinary shares shares of £1.00 each	<u>2,974,525</u>	<u>2,974,525</u>

17. Reserves

Profit and loss account

The profit & loss account comprises the balance of distributable profits accumulated over the life of the Company.

STEWART TRAVEL LIMITED

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

18. Prior year adjustment

These financial statements were previously prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union (EU). The change results in restatements being made to the comparatives in these financial statements, the impact of which is being explained in Note 24.

19. Contingent liabilities

The Company has given a floating charge over its assets as security on Brooklyn Travel Limited's revolving facilities given by the bankers. The floating charge was released subsequent to the year end.

The Company has given pledge over its share capital on Brooklyn Travel Limited's senior facilities given by the bankers.

The company, together with its fellow group companies, has provided a guarantee over its assets to the Civil Aviation Authority to meet any future obligations and liabilities incurred by the group companies as ATOL license holders.

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge represents contributions payable by the Company to the fund and amounted to £106,995 (2018: £57,207).

Contributions totalling £29,518 (2018: £16,083) were payable to the fund at the balance sheet date and are included in creditors.

21. Commitments under operating leases

At 31 October 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	434,349	433,526
Later than 1 year and not later than 5 years	1,386,043	1,369,145
Later than 5 years	596,901	632,967
	<u>2,417,293</u>	<u>2,435,638</u>

22. Related party transactions

The Company has taken advantage of the exemption available in FRS102 not to disclose transactions entered into between two or more members of a group, as the Company is a wholly owned subsidiary undertaking of the Group to which it is a party to the transactions.

STEWART TRAVEL LIMITED

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

23. Post balance sheet events

In December 2019, the Stewart Travel business ceased to transact business through the Hays Independence Group and began operating on an entirely independent basis under direct licenses through the CAA, ABTA and IATA.

During February 2020 the impact of the Covid-19 outbreak has been widely reported across the travel industry. As a travel distributor in the leisure and business travel market Stewart Travel is experiencing a short term negative impact on business performance. The directors do not consider there to be any adjustments necessary to these financial statements.

24. Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of Brooklyn Travel Limited, and the ultimate parent company is Brooklyn Travel Holdings Limited. Both Companies have their registered office at 42 High Street, Northwood, Middlesex, United Kingdom, HA6 1BL.

Brooklyn Travel Holdings Limited is the largest and smallest group to consolidate the Company's results.

The ultimate controlling party of the group is the Haller family.

STEWART TRAVEL LIMITED

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

25. First time adoption of FRS 102

The Company transitioned to FRS 102 from IFRS as at 1 November 2017. The impact of the transition to FRS 102 is as follows:

		As reviously stated 1 lovember 2017 £	Effect of transition 1 lovember 2017 £	FRS 102 (as restated) 1 lovember 2017 £	As reviously stated 31 October 2018 £	Effect of transition 31 October 2018 £	FRS 102 (as restated) 31 October 2018 £
	Note						
Fixed assets	1	6,846,353	-	6,846,353	6,492,569	(286,109)	6,206,460
Current assets		3,350,429	-	3,350,429	2,382,315	-	2,382,315
Creditors: amounts falling due within one year		4,396,968	-	4,396,968	2,114,940	-	2,114,940
Net current (liabilities)/assets		(1,046,539)	-	(1,046,539)	267,375	-	267,375
Total assets less current liabilities		5,799,814	-	5,799,814	6,759,944	(286,109)	6,473,835
Net assets		<u>5,799,814</u>	<u>-</u>	<u>5,799,814</u>	<u>6,759,944</u>	<u>(286,109)</u>	<u>6,473,835</u>
Capital and reserves		<u>5,799,813</u>	<u>-</u>	<u>5,799,813</u>	<u>6,759,944</u>	<u>(286,109)</u>	<u>6,473,835</u>

STEWART TRAVEL LIMITED

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

25. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 October 2018 £	Effect of transition 31 October 2018 £	FRS 102 (as restated) 31 October 2018 £
Turnover		9,995,301	-	9,995,301
Cost of sales		(397,883)	-	(397,883)
		<hr/>	<hr/>	<hr/>
		9,597,418	-	9,597,418
Administrative expenses	1	(8,616,550)	(286,109)	(8,902,659)
		<hr/>	<hr/>	<hr/>
Operating profit		980,868	(286,109)	694,759
Interest payable and similar charges		(20,737)	-	(20,737)
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year		<u>960,131</u>	<u>(286,109)</u>	<u>674,022</u>

Explanation of changes to previously reported profit and equity:

1 Being amortisation on goodwill arising on transition from IFRS to FRS102.

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