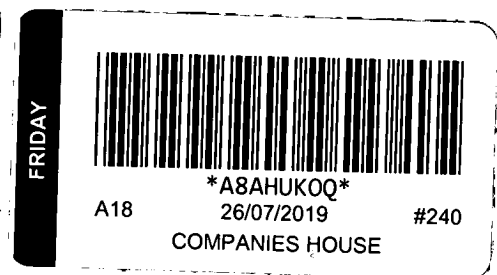


Registration number: 03816981

The Freedom Travel Group Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2018



The Freedom Travel Group Limited

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The Freedom Travel Group Limited

Company Information

Directors	Thomas Cook Group Management Services Limited J Russell
Company secretary	S Bradley
Registered office	Westpoint Peterborough Business Park Lynch Wood Peterborough Cambridgeshire PE2 6FZ
Auditor	Ernst & Young LLP

The Freedom Travel Group Limited

Strategic Report for the Year Ended 30 September 2018

The directors present their strategic report on the affairs of The Freedom Travel Group Limited (the 'Company'). This report covers the year ended 30 September 2018.

Business review and activities

The Company is a majority owned subsidiary of Thomas Cook Group plc, ('the Group'; 'Thomas Cook') a company that is listed on the London Stock Exchange.

The results for the Company shows a profit on ordinary activities before taxation of £0.1 million (2017: £0.6 million) for the year and revenue of £4.3 million (2017: £3.7 million). Included within these results are exceptional costs of £40k (2017: £nil) which were incurred due to on-going transformation and efficiency programmes (see note 4).

The Company has net assets of £0.9 million (2017: £2.0 million). The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the Group.

The Group operates in the UK through a number of subsidiary companies the activities of which include packaged holidays, airline operations, sales channels including retail & online dynamic packaging/ component travel businesses and scheduled tour operators.

Business environment

There are two distinct segments in the UK leisure and travel market: direct suppliers and travel intermediaries. Direct suppliers are the airlines, hotels and cruise companies that sell directly to the customer. Thomas Cook, through its subsidiary companies, operates in the travel intermediary segment, made up of travel agents and tour operators.

The Group operates a multi-channel distribution strategy, selling through its own and third-party channels. The Group's own distribution channels, which include the operations of the Company, comprise retail stores, online via various Group websites and call centres.

Strategy

Customer care is at the heart of our strategy and one of the biggest opportunities we have to differentiate a Thomas Cook holiday from the competition. Our aim is to provide our customers with a personalised holiday experience that cannot be replicated elsewhere, driven by the highest level of customer care at every stage of their holiday.

The way we interact with our customers, in person and online, is the best opportunity we have to develop a relationship that can last a lifetime. Whether through inspiring online content, expert travel advice and on-demand advice whenever it's needed, we are building seamless contact with our customers throughout their holiday journey.

Naturally, our holidays are the primary focus of all that we do at Thomas Cook. At the heart of our offering, we want to create a portfolio of trusted, high-quality hotels which provide excellent value for money.

The Freedom Travel Group Limited

Strategic Report for the Year Ended 30 September 2018 (continued)

Strategy (continued)

Our ability to personalise our holidays and flights is a key differentiator of our business. By offering our customers a 'pick and mix' approach to the holidays and flights we sell, we can give customers a more bespoke experience, generating higher customer satisfaction and better returns for the business - while attracting more customers to package travel.

The Group's strategy to focus our business where we can make the biggest difference to customers is supported by a series of partnerships which help us to maintain a broad offer to customers at the lowest possible cost. This partnership approach also allows us to tap into new opportunities for growth by leveraging our brand strength and expertise in travel.

Future outlook

The economic outlook for leisure travel in the coming years remains positive, balanced against uncertainty around the outlook for consumer sentiment - particularly with regards to Brexit in the United Kingdom. However, even in economic downturns, customer spending on overseas holidays remains resilient. As customers look for points of differentiation in a competitive environment for European leisure travel, we believe we are well positioned to take advantage of the continued growth in leisure travel spend.

Key performance indicators ("KPIs")

The directors of the Group manage the Group's operations on a segmental basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK segment of the Group, which include the results of the Company, are discussed in the financial review on page 32 and 33 of the Group's annual report which does not form part of this report.

Principal risks and uncertainties

The Group, of which the Company is a major component, have identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities. These principal risks and uncertainties, along with mitigating actions, are listed below;

Strategic initiatives

Fully implementing our strategy for profitable growth remains our focus, however, there is a risk that we cannot fully achieve the change required due to scale of change to our business and operations and the complexity of our underlying processes and systems.

- Supported by the creation of a new hotel platform, we continue to expand our own brand hotel offering, to streamline our core product portfolio and to implement the operational change to fully benefit from our strategic partnership with Expedia.
- We have embedded a standalone project management office, reporting to the Executive Committee, to oversee a significant efficiency programme, which forms the operational efficiency objective that underpins our strategy. The programme involves simplifying processes and systems, which support our margin improvement initiatives.
- Bi weekly Executive Committee meetings attended by senior management during which progress and issues are discussed and addressed.
- Operational initiatives are linked to financial benefits and KPIs incorporated in our business plan. Delivery of operational change and the benefits achieved are tracked as part of the business review process.

The Freedom Travel Group Limited

Strategic Report for the Year Ended 30 September 2018 (continued)

Principal risks and uncertainties (continued)

Customer satisfaction

Providing a great customer experience remains at the heart of our strategy and we believe that this is one of the key factors that differentiates us from our competitors in increasingly competitive markets. There is a risk that we are unable to meet the expectations of our customers and thus attract new or retain existing customers, which may have an adverse impact on our market share and profitability.

- Senior management continue to focus on ways to improve the experience that our customers have with us, to encourage our people to focus on customer excellence and to develop products that will attract and retain customers.
- We proactively monitor our Net Promoter Score (NPS) to identify and address areas for improvement at each stage of the customer journey.
- We have implemented our InMoment tool, which provides all our people with customer feedback at the individual hotel level. Feedback is incorporated into action plans to promote positive behaviours and to investigate areas of customer concern.
- Our organisational values are aligned with our Customer Promises of Quality, Service, and Reliability and all employees are required to include customer related objectives in their annual objectives.
- The 24-Hour Hotel Satisfaction Promise has been extended to all of our differentiated properties and has been re-launched on our websites to highlight this key value add to our customers.
- In FY19, we plan to launch 'Express Check In' to our range of innovative holiday features. In FY18, we launched 'Choose Your Room', 'Choose Your Favourite Sunbed' and 'Late Check-Out' in selected properties; all of which were well received by our customers.
- Our CRM tool, CView was launched in FY18. This tool allows us to better understand our customers. We will use this information to enhance the experience our customers have with us.

Quality of our products and services

We strive to offer a choice of quality products and services that appeal to customers. There is a risk that our products and services do not meet the expectations or demands of new or existing customers.

- We have allocated significant extra resources to our own-brand hotel portfolio and have recruited additional highly experienced people in order to grow the business.
- We have launched a new hotel brand, 'Cook's Club', aimed at younger discerning travellers, to sit alongside our premium Casa Cook brand. We use customer insight and analysis of future trends as the basis for the design of our own brand hotels and to shape the customer experience.
- We continue to work closely with our strategic partner, LMEY Investments, to source and develop high quality hotels through our new hotel platform.
- We continue to refine the hotels within our differentiated portfolio. This allows us to focus our resources on quality hotels that will deliver a better experience for our customers.
- We now provide our customers with a choice of over 150,000 hotels in global city and European domestic locations as well as sun and beach locations not in our core portfolio. This has been achieved by implementing the operational changes under our strategic partnerships with Expedia and Webjet.
- We continue to provide innovative ways for customers to personalise their experiences.
- We will drive growth and uptake of our financial services products in digital and offline. These products provide our customers with lower fees on foreign currency transactions and greater benefits.

The Freedom Travel Group Limited

Strategic Report for the Year Ended 30 September 2018 (continued)

Principal risks and uncertainties (continued)

Digital strategy

We aim to make our expanded product offering and services available and easily accessible to our customers in their preferred digital channels. There is a risk that our market share, profitability and future growth will be adversely affected by the inability to develop our digital channels fast enough to meet changes in consumer behaviour.

- We continue to invest in our websites and in technology to allow us to service customers seamlessly across all channels. Through 2018, we have experienced stronger growth in web bookings across our major markets.
- We regularly undertake customer research to better understand what our customers want and how they interact with our digital channels. The results of our research are incorporated into our development roadmap.
- Our web platforms in the UK continue to deliver strong bookings growth and with the continuous development of 'MyAccount' customers have access to a far greater range of products and services to personalise their holidays.
- We will invest further in our mobile channels to enhance search functionality and to become more 'digital in destination'. Our Companion App enables our customers to personalise their experience with us.

Talent

We are reliant on being able to attract the right talent in order to deliver our transformation agenda. There is a risk that the inability to attract and retain talent at all levels of the organisation will lead to a lack of capability or capacity to enable us to deliver the change required by our business strategy.

- We have strengthened our Executive Committee in the past year with the appointment of an experienced Chief Hotels Officer.
- Our Group Leadership Development programme for direct reports to Senior Leaders commenced in 2017, targeting those identified as having potential for senior leadership roles.
- We identify high potential talent using a matrix of performance and potential. Those identified have targeted development plans based on their career aspiration.
- We use our annual engagement survey to assess employee commitment and to identify actions to retain talent and develop our customer focused culture.
- Our Graduate programmes continue to attract a high volume of applications since their introduction in the UK and Group Airline businesses in 2016.
- We have invested in our in house Learning and Development resources in order to give our people greater access to learning opportunities.
- We have a pay for performance culture that is designed to drive performance and provide meaningful reward for delivery of our objectives.

Technology

We are increasingly dependent on technology to reduce costs and to enhance customer service through development of new functionality and applications. There is a risk that operations would be adversely affected if our IT infrastructure is unable to support the needs of the business.

- We have a robust process in place to assess proposed development projects and to prioritise resources to projects that will both support our strategic agenda and provide high return on investment.
- We have strengthened our oversight of development projects through the roll out of dedicated project management software.

The Freedom Travel Group Limited

Strategic Report for the Year Ended 30 September 2018 (continued)

Principal risks and uncertainties (continued)

Technology (continued)

- We continue to enhance our IT operations and service delivery processes to ensure that we can support new technology required by the business.
- We have developed IT programs that address the functional aspects of technology required to support and enhance our customer service and an infrastructure program that addresses our network, data centre and end user computer capabilities that underpin this functionality.

Cyber security

There is high level of awareness across industries of the threat posed by cyber criminals and of the reputational damage caused by the loss of personal data. Due to the nature of its business, Thomas Cook necessarily processes a high volume of personal data and there is a risk of significant brand and reputation damage and financial loss should information security be compromised.

- We continue to build on our robust Cyber Security Strategy based on five objectives: Protect, Detect, Deter, Respond, and Recover.
- We have successfully implemented a range of people, process and technical controls in line with our Cyber Security Strategy.
- All employees are required to complete annual training in data protection in order to raise awareness of good cyber security practice.
- Our Cyber Security Steering Group continues to meet monthly to monitor the progress of the Cyber Security Strategy implementation and to make recommendations for any additional mitigations to the Executive Committee. The Audit Committee also receives regular updates regarding progress on cyber risk mitigation.
- We have implemented the changes required by the General Data Protection Regulation. This included a project to identify and map all the personal data processing systems used across the group and to create a central record of our data processing activities. We have also implemented a remediation programme to improve controls in our highest risk systems and to educate our people on the importance of data protection.

Cash and working capital

Cash generation from trading activities is essential if we are to invest in the business in order to deliver value over the long term and to meet scheduled payments under the terms of our debt facilities as they fall due. There is a risk of a decrease in operational performance caused by a range of factors (including economic, financial, regulatory and market factors), of which many are outside our control.

- Cash flow forecasting is performed centrally and we proactively monitor our short, medium and long-term cash requirements and liquidity headroom.
- We have implemented a robust efficiency programme in order to achieve operational savings from consolidating technology systems and harmonising processes.
- We continue to monitor all opportunities to manage liquidity requirements and maintain an adequate level of contingency as well as seeking to lower the average cost of debt over the medium term.

The Freedom Travel Group Limited

Strategic Report for the Year Ended 30 September 2018 (continued)

Principal risks and uncertainties (continued)

Health and safety

Due to the nature of our business and industry, the Group will always be exposed to the risk of a health and safety incident en route to a destination, in the accommodation or during an excursion. There is a risk that an incident that results in the injury or death of a customer would have a direct negative impact on our reputation and indirect impact on our future financial performance.

- We monitor developments in health and safety regulations in all the markets in which we operate and incorporate changes into our common Group policies, standards and procedures. The policies address all major risk areas including accommodation, swimming pools, balconies, transport, excursions, fire and hygiene.
- We operate an annual Health and Safety Audit Programme for all our differentiated properties. The programme is delivered by reputable external specialists (SGS and Cristal), verifies compliance with the Federation of Tour Operators and industry standards and includes a robust follow-up process. We have enhanced our audit programme for FY19 to incorporate additional hygiene assessments in properties which experience higher than average or increased levels of reported illness.
- The Group Health, Safety, and Security Team regularly reviews and updates its safety and security training programmes to ensure they continue to reflect best practice.
- We have a group wide Customer Protection Policy to ensure that customers are not put at risk in hotels that have undergone construction works or refurbishment.
- We actively monitor health and safety incidents reported to us to ensure that we address the causes. We have seen a marked reduction in illness claims after we put in place prevention and detection measures in an effort to address this issue that was specific to the UK market.

Geopolitical uncertainties

In recent years numerous countries that rely on tourism as a vital export have experienced geopolitical disruption through political instability or terrorist activity. There is a risk of a significant decline in customer demand should there be an incident or increased threat of a terrorist attack in any of our key tourist destinations.

- We have a proven ability to shift committed capacity to alternative destinations in the event of fluctuating demand in a given destination.
- We continue to rebalance our destination mix and add new destinations to our portfolio, thereby mitigating the impact of geopolitical events.
- We have developed a Hotel Security Framework, which defines a set of minimum security standards that should be operational in our hotels. Implementation of the Framework will follow a risk-based approach.
- We proactively monitor the geopolitical landscape by partnering with the Risk Advisory Group, a leading independent global risk management consultancy that provides intelligence, investigations and security services.
- We continue to follow the guidance of the appropriate state departments relevant to our source markets.
- We have a robust crisis management framework which we can activate in the event of an incident. Crisis management test exercises are conducted on a regular basis.

Brexit

A disorderly exit from the EU by the UK would result in significant disruption to many businesses. A disorderly exit could present the following risks to Thomas Cook:

- Loss of access to the European Single Aviation Market would have a significant impact on the ability of our UK Airline to operate in the EU and the US.

The Freedom Travel Group Limited

Strategic Report for the Year Ended 30 September 2018 (continued)

Principal risks and uncertainties (continued)

Brexit (continued)

- Loss of access to EU employment markets, including the ability for businesses to place temporary workers in EU Member States without additional barriers may cause a skill shortage in the UK and in destination.
- Our Public Affairs team has proactively met with Government officials from both the UK and the EU to ensure our concerns are appropriately understood.
- A Brexit Working Group, which included representatives from Finance, Tax, HR, Communications, Legal, Risk, the Group Airline and the Tour Operating Segments, was convened to consider and assess the impact of all risks related to the UK's upcoming exit from the EU.
- We are putting in place contingency plans, with a particular focus on ensuring that our customers' holiday experience is not impacted.
- We are in advanced discussions with local aviation regulators in Germany, Spain and Denmark as well as the European Commission and we are confident that our contingency plans will enable our Group Airlines to continue to access EU airspace in the event of a disorderly Brexit.

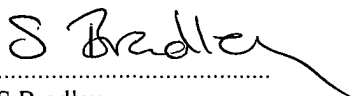
Compliance with regulatory and legislative requirements

There is a risk that we do not comply with regulatory, legislative and corporate social responsibility requirements in the legal jurisdictions where Thomas Cook operates.

- We have a dedicated legal team, which works to ensure that we comply fully with regulatory requirements and which monitors all current and emerging regulatory developments in our source markets. The team receives regular training to provide awareness of critical changes in relevant legislation or case law.
- A cross functional project team was set up to implement the change required by the General Data Protection Regulation. The team included representatives from the Legal, Risk, Human Resources, IT, Cyber and Customer Experience departments.
- We continue to engage with the European Union Competition Commission in their investigation into the travel industry regarding hotel accommodation agreements.
- Our Code of Conduct is backed by a comprehensive training programme to ensure that it is fully embedded across the Group.
- Our Legal Risk Database enables communication and timely analysis of all risks related to regulatory, legislative and corporate social responsibility requirements.
- In regards to the EU Competition Commission investigation, Thomas Cook is committed to fair and open competition and will cooperate fully with the Commission through the process.

For further information on the potential impact of these risks and how they are mitigated by the Group, please refer to pages 56-61 of the Group's annual report.

Approved by the Board on 23 July 2019 and signed on its behalf by:



S Bradley
Representing Thomas Cook Group Management Services Limited

The Freedom Travel Group Limited

Directors' Report for the Year Ended 30 September 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

Please refer to the Strategic Report, set out on pages 2-8, for the business review and future developments of the Company.

Dividends

During the year the Company paid a dividend of £1,580k (2017: £1,330k). A final dividend of £536k is proposed.

Directors of the Company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

P Hemingway (resigned 22 November 2018)

Thomas Cook Group Management Services Limited

The following directors were appointed after the year end:

A Donald (appointed 22 November 2018 and resigned 14 June 2019)

J Russell (appointed 14 June 2019)

Principal activity

The principal activity of the Company is that of a Travel Agent and the provision of Travel Agent Management Services.

Financial risk management

Objectives and policies

The Company is subject to liquidity and cash flow risk, credit risk and counterparty credit risk within the framework of its business operations.

Price risk, credit risk, liquidity risk and cash flow risk

Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity position of the Company is significantly influenced by the payment pattern of customers. As a result, liquidity is at its lowest in the winter months and at its highest in the summer months. The Company manages the seasonal nature of its liquidity by making use of its bank revolving credit facility. Short-term liquidity is primarily invested in bank deposits.

Credit risk is the risk that an entity will cause a financial loss for the other party by failure to discharge an obligation. The Company's principal financial assets are trade and other receivables, and amounts due from other Group undertakings. The Company's credit risk is primarily attributable to these trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company is exposed to credit risk in relation to deposits and trade and other receivables. The maximum exposure in respect of each of these items at the balance sheet date is their carrying value. The Company assesses its counterparty exposure in relation to the investment of surplus cash, foreign exchange and undrawn credit facilities. The Company uses published credit ratings, credit default swap prices and share price performance in the previous 30-day period to assess counterparty strength and therefore to define the credit limit for each counterparty.

The Freedom Travel Group Limited

Directors' Report for the Year Ended 30 September 2018 (continued)

Price risk, credit risk, liquidity risk and cash flow risk (continued)

The Company has activities in a large number of countries and is therefore subject to the risk of exchange rate fluctuations. These risks arise in connection with the procurement of services in destinations outside of the UK. For example, Euro exposure arises on the procurement of hotel accommodation. The Company uses derivative instruments to hedge against significant future transactions and cash flows denominated in foreign currencies. The Company enters into a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. Notional internal contracts are entered into with Thomas Cook Group Treasury Limited.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thomas Cook Group plc. The Directors have received confirmation that Thomas Cook Group plc intends to support the Company for at least one year after these financial statements are signed.

However, the Directors note the publication on 16 May 2019 of the Thomas Cook Group plc condensed consolidated interim financial statements for the six months ended 31 March 2019 in which a material uncertainty in relation to going concern is disclosed. In addition, the Directors note the announcement on 12 July 2019 in respect of a proposed recapitalisation of the Thomas Cook Group. Further details of this disclosure is set out in note 2 to the accounts on page 18. As a consequence, the Directors of the Company recognise there is a corresponding material uncertainty concerning the support provided by Thomas Cook Group plc. This could cast significant doubt on the ability of the Company to continue as a going concern. Nevertheless, having considered the uncertainties described above and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Employment of disabled persons

Information on the employment of disabled persons can be found on page 87 of the Group's annual report.

Employee involvement

Information on employee involvement can be found on pages 34 to 37 of the Group's annual report.

Directors' liabilities

The Company's Articles make qualified provisions for its directors to be indemnified by the Company against liabilities to third parties. The Company also maintains directors' and officers' liability insurance.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

The Freedom Travel Group Limited

Directors' Report for the Year Ended 30 September 2018 (continued)

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Approved by the Board on 23 July 2019 and signed on its behalf by:



.....
S Bradley

Representing Thomas Cook Group Management Services Limited

Independent Auditor's Report to the Members of The Freedom Travel Group Limited

Opinion

We have audited the financial statements of The Freedom Travel Group Limited (the 'Company') for the year ended 30 September 2018, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and notes 1 to 21, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern

We draw attention to note 2 (page 18) in the financial statements, which states there is a material uncertainty concerning the support provided by Thomas Cook Group plc. This may cast significant doubt on the ability of the company to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Independent Auditor's Report to the Members of The Freedom Travel Group Limited (continued)

Matters on which we are required to report by exception

In the light of our 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 Statement of Directors' Responsibilities set out on page 11, 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.

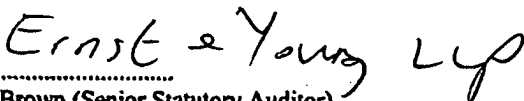
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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


Colin Brown (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor, Manchester

Date: 24 July 2019

The Freedom Travel Group Limited

Income Statement for the Year Ended 30 September 2018

		(As restated)	
	Note	2018 £ 000	2017 £ 000
Turnover	3	<u>4,320</u>	<u>3,656</u>
Gross profit		4,320	3,656
Administrative expenses	5	<u>(4,193)</u>	<u>(3,106)</u>
Operating profit	6	<u>127</u>	<u>550</u>
Analysed between:			
Profit from operations before exceptional items		167	550
Exceptional items	4	(40)	-
Interest receivable and similar income	8	31	59
Interest payable and similar charges	9	<u>(14)</u>	<u>-</u>
		<u>17</u>	<u>59</u>
Profit before tax		144	609
Tax on profit on ordinary activities	11	<u>324</u>	<u>(90)</u>
Profit for the year		<u><u>468</u></u>	<u><u>519</u></u>

The above results were derived from continuing operations.

The notes on pages 18 to 32 form an integral part of these financial statements.

The Freedom Travel Group Limited

Statement of Comprehensive Income for the Year Ended 30 September 2018

	(As restated)	
	2018	2017
	£ 000	£ 000
Profit for the year	<u>468</u>	<u>519</u>
Total comprehensive income for the year	<u>468</u>	<u>519</u>

The notes on pages 18 to 32 form an integral part of these financial statements.

The Freedom Travel Group Limited

(Registration number: 03816981)

Statement of Financial Position as at 30 September 2018

		(As restated)	
	Note	2018 £ 000	2017 £ 000
Current assets			
Trade and other receivables	12	11,485	21,858
Cash and cash equivalents	13	18,221	17,511
Deferred tax asset	11	-	1
		<u>29,706</u>	<u>39,370</u>
Creditors: Amounts falling due within one year			
Trade and other payables	14	<u>(26,277)</u>	<u>(37,178)</u>
Total assets less current liabilities		3,429	2,192
Creditors: Amounts falling due after more than one year			
Trade and other payables		<u>(2,513)</u>	<u>(164)</u>
Net assets		<u><u>916</u></u>	<u><u>2,028</u></u>
Capital and reserves			
Called up share capital	15	130	130
Profit and loss account		<u>786</u>	<u>1,898</u>
Shareholders' funds		<u><u>916</u></u>	<u><u>2,028</u></u>

The financial statements on pages 14 to 32 were approved by the Board on 23 July 2019 and signed on its behalf by:



.....
S Bradley
Representing Thomas Cook Group Management Services Limited

The notes on pages 18 to 32 form an integral part of these financial statements.

The Freedom Travel Group Limited

Statement of Changes in Equity for the Year Ended 30 September 2018

	Called up share capital £ 000	(Restated) Profit and loss account £ 000	(Restated) Total £ 000
At 1 October 2017	130	1,898	2,028
Profit for the year	-	468	468
Total comprehensive income	-	468	468
Dividends	-	(1,580)	(1,580)
At 30 September 2018	130	786	916

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 October 2016	130	2,830	2,960
Prior period adjustment	-	(121)	(121)
At 1 October 2016 (As restated)	130	2,709	2,839
Profit for the year	-	757	757
Prior period adjustment	-	(238)	(238)
Total comprehensive income	-	519	519
Dividends	-	(1,330)	(1,330)
At 30 September 2017	130	1,898	2,028

The notes on pages 18 to 32 form an integral part of these financial statements.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England & Wales.

The address of its registered office is:

Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
Cambridgeshire
PE2 6FZ

These financial statements were authorised for issue by the Board on 23 July 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The Company is a majority-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc ('the Group'; 'Thomas Cook'), a company incorporated in England and Wales, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006.

These financial statements are presented in pounds sterling, which is the Company's functional currency, because that is the currency of the primary economic environment in which the Company operates.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thomas Cook Group plc. The Directors have received confirmation that Thomas Cook Group plc intends to support the Company for at least one year after these financial statements are signed.

However, the Directors note the publication on 16 May 2019 of the Thomas Cook Group plc condensed consolidated interim financial statements for the six months ended 31 March 2019 in which a material uncertainty in relation to going concern is disclosed and the announcement on 12 July 2019 in respect of a proposed recapitalisation of the Thomas Cook Group.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

Going concern (continued)

As set out in those interim financial results the Group is facing challenging trading conditions and a strategic review of the Group Airline was announced on 7 February 2019. The Group prepared revised forecasts for the period to September 2021, recognising the continuing uncertain trading environment across the Group, which allowed the Group Directors to assess the level of liquidity and covenant headroom. This demonstrated a possible requirement for additional liquidity. These scenarios also assume that shareholders will approve, at or before the next AGM, the removal of Article 122(B) restricting the Group's borrowing limits.

The Group had agreed a mandate letter and a term sheet for a new £300 million secured bank financing facility with its lending banks in May 2019. The availability of the new facility was principally dependent on progress in executing the strategic review of the Group Airline. In the 12 July 2019 announcement the Group confirmed that the strategic review of the Airline has now been paused, whilst a full recapitalisation of the Group is pursued. The recapitalisation targets an injection of £750 million of new money which would provide sufficient liquidity to trade over the winter 2019/20 season and the financial flexibility to invest in the business for the future. The Group Directors recognise that there is uncertainty surrounding the timing and terms and the associated conditions in the new financing arrangements, which could impact the ability of the Group to access the required liquidity, and they concluded in May 2019 that this matter represents a material uncertainty. This could cast significant doubt on the ability of the Group to continue as a going concern.

As a consequence, the Directors of the Company recognise there is a corresponding material uncertainty concerning the support provided by Thomas Cook Group plc. This could cast significant doubt on the ability of the Company to continue as a going concern. Nevertheless, having considered the uncertainties described above and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Company financial statements.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

– IFRS 7, 'Financial Instruments: Disclosures'

– Exemption from all disclosure requirements in IFRS 13, 'Fair value measurement' except for the following:

- Paragraphs 36(4) and 55 to 57 (valuation models and techniques for financial instruments held at fair value)

– The following paragraphs of IAS 1, 'Presentation of financial statements':

- 10(d), (statement of cash flows for the period)
- 16 (statement of compliance with IFRS),
- 38A-B (Detail in respect of minimum comparative information)
- 38C-D (Additional comparative information)
- Paragraph 79(a)(iv) - (A reconciliation of the number of shares outstanding at the beginning and end of the period for each class of shares need not be presented for prior periods)
- 111 (cash flow statement information), and
- 134 - 136 (Information on an entity's objectives, policies and processes for managing capital (qualitative and quantitative))
- 39 (Detail in respect of minimum comparative information, including prior year opening balance Sheet)
- 40 (Detail in respect of narrative information)

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure in respect of new standards and interpretations that have been issued but which are not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- Paragraph 18A of IAS 24, 'Related party disclosures' to disclose amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity.
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.
- Paragraph 73(e) of IAS 16, 'Property, plant and equipment' (a reconciliation showing the carrying amounts of property, plant and equipment at the beginning and end of the period need not be presented for prior periods)
- Paragraph 118(e) of IAS 38, 'Intangible assets' (a reconciliation showing the carrying amounts of intangible assets at the beginning and end of the period need not be presented for prior periods)
- Exemption from all disclosure requirements in IFRS 2 except for the following:
 - Paragraph 45(a) - A description of each type of share-based payment arrangement, including general terms and conditions, vesting requirements, term of options granted and method of settlement.
 - Paragraph 45(c) - For share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the weighted-average share price during the period can be disclosed.
 - Paragraph 45(d) - For outstanding share options, the range of exercise prices and weighted-average remaining contractual life.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of the Group. The consolidated financial statements of the Group are available to the public and can be obtained as set out in note 20.

Changes in accounting policy

New standards, interpretations and amendments effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective or EU endorsed:

IFRS 15 'Revenues from Contracts with Customers'

IFRS 15 'Revenues from Contracts with Customers' introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. IFRS 15 is effective for periods commencing 1 January 2018 and therefore will be applied by the Company in its financial statements for the year ending 30 September 2019. The Company will apply IFRS 15 in accordance with the modified retrospective transition method.

IFRS 15 considers whether a contract contains more than one distinct good or service. This is particularly relevant in the context of the Company's package holiday offerings. The Company has concluded that under IFRS 15, a package holiday constitutes the delivery of one distinct performance obligation which includes flights, accommodation, transfers and other holiday-related services. In formulating this conclusion, the Company has assessed that it provides a significant integration service within a package holiday which produces a combined output to the customer. Individual revenue streams, which currently are predominantly recognised at the start of a customer's holiday, will in future, under IFRS 15 be required to be recognised when services of the single performance obligation are transferred to the customer.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

IFRS 15 'Revenues from Contracts with Customers' (continued)

This will mean, under IFRS 15, revenue and corresponding cost of sales will be recognised over the period a customer is on holiday.

The Company's financial year end of 30 September is at the end of the peak tourist season each year. Under IFRS 15, a certain amount of revenue and cost of sales previously recognised at year-end, under IAS 18, will be deferred at the balance sheet date and recognised in the following financial year. The effect of recognising additional revenue and cost of sales at the beginning of a financial year and lower revenue and cost of sales at the end of the financial year is expected to materially offset each other. The Company does not expect a material difference to underlying EBIT as a result of IFRS 15.

Aside from the changes noted above, the Company does not expect any material changes to revenue recognition under IFRS 15, as compared to current treatment under IAS 18, of airline travel services, hotel services, travel agency commission and other travel services.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the amounts reported for revenue and expenses within the next financial year are discussed below:

Gross or net recognition revenue streams

Judgements have been made on an individual revenue stream basis as to whether it is most appropriate to recognise revenue at gross cost to the consumer or on a net commission receivable basis. This judgement centres around risk considerations and the extent of added value, amongst other factors.

Tax

Tax assets and liabilities represent management's estimate of tax that will be payable or recoverable in the future and may be dependent on estimates of future profitability.

In addition, estimates have been made in respect of the probable future utilisation of tax losses and deferred tax assets have been recognised. The recoverability of these assets is dependent on the agreement of the losses with the relevant authorities and the estimates of future profitability.

Revenue recognition

Revenue represents the aggregate amount of travel agency commissions receivable and other services supplied to customers in the ordinary course of business. Travel agency commission, insurance and other incentives, are recognised 8 weeks before holiday departure. Other revenue and associated expenses are recognised as earned or incurred.

Customer monies received at the balance sheet date relating to holidays commencing and flights departing after the year end is deferred and included within trade and other payables.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are substantively enacted at the balance sheet date.

Deferred tax is recognised on all temporary differences arising from differences between the carrying amount of an asset or liability and its tax base, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting or taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax losses or credits carried forward can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws substantively enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Where the Company has the intention and ability to pool account balances, the net cash or overdraft position is disclosed. Where the intention or ability to pool balances together is absent, the cash and overdraft are disclosed on a gross basis in the statement of financial position.

Trade receivables

Trade receivables are recognised initially at the fair value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Defined contribution pension obligation

Pension costs charged against profits in respect of the Company's defined contribution scheme represent the amount of the contributions payable to the schemes in respect of the accounting period.

Financial assets and liabilities

Classification

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company transfers the financial asset or when the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Statement of comprehensive income presentation and exceptional items

Profit or loss from operations includes the results from operating activities of the Company, before its share of the results of associates and joint ventures.

IAS 39 fair value re-measurement includes movements in forward points related to foreign exchange forward contracts and time value of options in cash flow hedging relationships. Both items are subject to market fluctuations and unwind when the options or forward contracts mature and therefore are not considered to be part of the Company's underlying performance.

Exceptional items, namely items that are material either because of their size or their nature, and which are non-recurring, are presented within their relevant statement of comprehensive income category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a full understanding of the Company's underlying performance.

Items which are included within the exceptional category may include:

- profits/(losses) on disposal of assets or businesses and costs of acquisitions;
- costs of integration of significant acquisitions and other major restructuring programmes;
- significant goodwill or other asset impairments;

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

Statement of comprehensive income presentation and exceptional items (continued)

- material write-down of assets/reassessment of accruals, reflecting a more cautious evaluation in the light of current trading and economic conditions (excluding errors or prior year items);
- other individually material items that are unusual because of their size, nature or incidence.

Prior period adjustments

There has been a restatement of prior year retained earnings of £359k. This was in relation to an overstatement of prepayments and accrued income and an understatement of amounts due to Group undertakings (note 12) relating to prior years. Prior year revenue has been adjusted by £238k.

In aggregate these errors are material to the net assets of the prior year and have therefore been reflected as prior year restatements. The errors have been corrected by restating each of the affected financial statement line items for the prior period, as follows:

	2017 £'000	Adjustment £'000	2017 Restated £'000
Current assets			
Amounts due from Group undertakings	20,087	121	20,208
Prepayments and accrued income	927	(480)	447
Retained earnings	2,257	(359)	1,898

3 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2018 £ 000	2017 £ 000
	(As restated)	
Commission from sale of leisure travel services	<u>4,320</u>	<u>3,656</u>

All results relate to these activities and originate in the United Kingdom.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

4 Exceptional items

	2018 £ 000	2017 £ 000
External events	(4)	-
New Operating Model implementation costs	(36)	-
	<u>(40)</u>	<u>-</u>

Implementation costs relating to the New Operating Model ("NUMO") primarily relate to on-going transformation and efficiency programmes. These programmes commenced in 2015 with a focus on generating synergies within the Group by co-operating more closely across all source markets and harmonising activities, rather than duplicating processes in each individual market across a number of teams.

The transformation projects focus on aligning and integrating activities across the Group in each business area, including finance, digital, marketing, product and yield management. This work represents an investment in our transformation, resulting in a material level of incremental cost that is not reflective of underlying business as usual activity. Accordingly we believe that it is appropriate to separately disclose these costs.

NUMO was initially established as a three-year transformation project but has evolved as implementation has progressed. Certain projects are expected to continue with costs being incurred into FY19.

During the year the Company incurred costs due to external one-off events.

5 Administrative Expenses

	2018 £ 000	2017 £ 000
Administrative expenses	(4,193)	(3,106)
	<u>(4,193)</u>	<u>(3,106)</u>

6 Operating profit

Profit on ordinary activities before taxation has been arrived at after charging/(crediting):

		2018 £ 000	2017 £ 000
Staff costs	10	354	291
Exceptional operating items	4	40	-
Foreign exchange (gains) / losses		<u>(2)</u>	<u>1</u>

7 Auditor's remuneration

Auditor's remuneration is paid for centrally and recharged to the Company. The audit fee is apportioned across the entities within the Group based on an allocation method. No apportionment of fees has been made to the Company. No audit fees or non-audit fees were paid directly by the Company. Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services are disclosed in the financial statements of Thomas Cook Group plc.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

7 Auditor's remuneration (continued)

Further information can be found on page 136 of the Group's annual report.

8 Interest receivable and similar income

	2018	2017
	£ 000	£ 000
Interest income on bank deposits	-	11
Interest receivable from Group undertakings	31	10
Interest income on notional cash pooling	-	38
	<u>31</u>	<u>59</u>

Interest receivable from Group companies represents interest receivable on loan agreements with other members of the Group.

9 Interest payable and similar charges

	2018	2017
	£ 000	£ 000
Interest on bank overdrafts and borrowings	3	-
Other finance costs	11	-
	<u>14</u>	<u>-</u>

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018	2017
	£ 000	£ 000
Wages and salaries	308	246
Social security costs	32	31
Other pension costs	14	14
	<u>354</u>	<u>291</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018	2017
	No.	No.
Management and Admin	<u>7</u>	<u>7</u>

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

11 Tax on profit on ordinary activities

Tax charged/(credited) in the income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax for the period	-	75
UK corporation tax adjustment to prior periods	(325)	14
	<u>(325)</u>	<u>89</u>
Deferred taxation		
UK movement in current year	-	1
UK movement in respect to prior year	1	-
Total deferred taxation	<u>1</u>	<u>1</u>
Tax (credit)/charge in the income statement	<u>(324)</u>	<u>90</u>

Corporation tax is calculated at 19% (2017: 19.5%) of the estimated assessable profit for the period. This is the weighted average tax rate for the period following a reduction in the standard rate of UK Corporation Tax from 20% to 19% effective from 1 April 2017.

The tax charge/(credit) for the period can be reconciled to the profit per the income statement as follows:

	2018 £ 000	2017 £ 000
		(As restated)
Profit before tax	<u>144</u>	<u>609</u>
Corporation tax at standard rate	27	119
Expenses/(Income) not deductible for tax purposes	11	1
Deferred tax not recognised	-	3
Group relief for nil consideration	(38)	(47)
Adjustments to tax in respect of prior years	<u>(324)</u>	<u>14</u>
Total tax (credit)/charge	<u>(324)</u>	<u>90</u>

In addition to the reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017), a further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated based on the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

11 Tax on profit on ordinary activities (continued)

Finance (No. 2) Act 2017 was substantively enacted on 31 October 2017 and included legislation to amend the rules relating to the utilisation of brought forward losses and the deductibility of interest for corporation tax purposes. These new rules apply retrospectively from 1 April 2017. With substantive enactment taking place after the balance sheet date, the accounting standards do not require the impact of these rules to be accounted for until the period ended 30 September 2018. Due to the complexity of the legislation it is too soon to quantify the effect of the new rules if they had been applied at the balance sheet date.

Deferred tax

Deferred tax assets and liabilities

No deferred tax assets have been offset against deferred tax liabilities.

	Asset £ 000
2018	
Accelerated tax depreciation	-
	Asset £ 000
2017	
Accelerated tax depreciation	1

Deferred tax movement during the year:

	At 1 October 2017 £ 000	Recognised in income £ 000	At 30 September 2018 £ 000
Accelerated tax depreciation	1	(1)	-

Deferred tax movement during the prior year:

	At 1 October 2016 £ 000	Recognised in income £ 000	At 30 September 2017 £ 000
Accelerated tax depreciation	2	(1)	1

At the balance sheet date, the company had deductible short term temporary differences of £7,000 (2017: £91,000) available for offset against future profits. No deferred tax asset has been recognised in respect of deductible short term temporary differences of £7,000 (2017: £83,000) due to the unpredictable nature of future profits.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

12 Trade and other receivables

	(As restated)	
	2018	2017
	£ 000	£ 000
Trade receivables	52	291
Amounts due from Group undertakings	10,515	20,208
Prepayments and accrued income	448	447
Other receivables	470	854
Value added tax recoverable	-	58
	<u>11,485</u>	<u>21,858</u>

The amounts due from Group undertakings are not subject to restrictions on title and no collateral is held as security.

£10.5m (2017: £20m) of the amounts due from Group undertakings are interest bearing loans, interest is charged at the appropriate interbank interest rate plus a 0-3.25% margin.

The rest of the amounts due from Group undertakings are receivables that are non-interest bearing.

All these financial assets are denominated in pound sterling. The directors consider that the carrying amount of debtors approximates their fair value. At the year end, there were no trade or other receivables that were past due but not impaired.

13 Cash and cash equivalents

	2018	2017
	£ 000	£ 000
Cash at bank	<u>18,221</u>	<u>17,511</u>
Balances held by the company that are not available for use by the company		
	2018	2017
	£ 000	£ 000
Balances held by the company that are not available for use by the company	<u>14,879</u>	<u>14,650</u>

The restricted cash relates to the ABTA accredited body trust account. The amounts are ringfenced to protect and ensure those independent travel firms (our members), who are part of an accredited body (ie – The Freedom Travel Group Limited), can continue trading even if the accredited body collapses or falls into financial difficulty.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

14 Trade and other payables

	2018 £ 000	2017 £ 000
Trade payables	(11,236)	(12,866)
Accrued expenses and deferred income	(6,736)	(4,912)
Amounts due to Group undertakings	(8,224)	(19,223)
Other payables	-	(177)
Value added tax recoverable	(81)	-
	<u>(26,277)</u>	<u>(37,178)</u>

The amounts due to Group undertakings are unsecured, repayable on demand and interest free.

15 Share capital

Allotted, called up and fully paid shares

	2018 No. 000	£ 000	2017 No. 000	£ 000
Ordinary shares of £1 each	<u>130</u>	<u>130</u>	<u>130</u>	<u>130</u>

16 Dividends

	2018 £ 000	2017 £ 000
Interim dividend	1,580	1,330

The directors are proposing a final dividend of £536k. This dividend has not been accrued in the statement of financial position.

17 Contingent liabilities

At 30 September 2018 the Company has given guarantees and counter indemnities to banks totalling £17.6m (2017: £17.6m) in respect of bonding, letter of credit and guarantee facilities.

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

18 Related party transactions

Transactions with directors

There were no loans, quasi-loans or other transactions with directors (or other key management personnel) which would need to be disclosed under the requirements of Schedule 6 of the Companies Act or IAS 24, "Related party disclosures".

Summary of transactions with other related parties

The Company has taken advantage of the exemption available under FRS 101 to disclose only transactions with non-wholly owned companies in the Group.

The Company's revenue represents the aggregate amount of gross revenue receivable from inclusive tours and other services supplied to customers in the ordinary course of business. Any commission costs paid to the related party distributors are recognised as part of the cost of sales. Therefore, as the related party distributors only recognise the commission receivable element of a holiday payment in the statement of comprehensive income, this also has been disclosed above as a purchase.

The amounts outstanding are unsecured and will be settled in the normal course of business. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Income and receivables from related parties

	Group undertakings £ 000
2018	
Sale of goods	4,315
Amounts receivable from related parties	<u>10,515</u>
	(Restated)
	Group undertakings £ 000
2017	
Sale of goods	3,526
Amounts receivable from related parties	<u>20,208</u>

Expenditure with and payables to related parties

	Group undertakings £ 000
2018	
Recharged management costs	(887)
Amounts payable to related parties	<u>(8,225)</u>

The Freedom Travel Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

18 Related party transactions (continued)

	Group undertakings £ 000
2017	
Recharged management costs	(745)
Amounts payable to related parties	<u>(19,223)</u>

19 Directors' remuneration

The directors who held office during the period were also directors of another company within the Group, Thomas Cook UK Limited, and their emoluments for services to the Group and any pension contributions to defined contribution schemes are disclosed in the report and accounts of that company. The directors do not believe that it is practicable to apportion this amount between qualifying services as directors to the Company and of fellow Group undertakings.

20 Parent of group in whose consolidated financial statements the Company is consolidated

The name of the parent of the group in whose consolidated financial statements the Company's financial statements are consolidated is Thomas Cook Group plc.

These financial statements are available upon request from 3rd Floor, South Building, 200 Aldersgate, London EC1A 4HD.

21 Parent and ultimate parent undertaking

The Company's immediate parent is Future Travel Limited.

The ultimate parent is Thomas Cook Group plc. The largest and smallest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated financial statements of Thomas Cook Group plc may be obtained from 3rd Floor, South Building, 200 Aldersgate, London EC1A 4HD.

The ultimate controlling party is Thomas Cook Group plc.