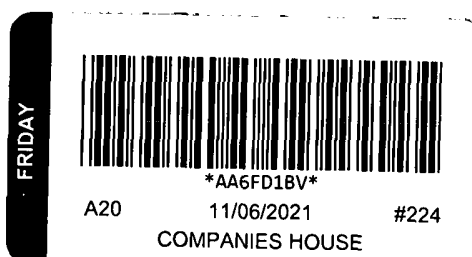


Sunhotels Limited

Annual Report and Financial Statements

for the year ended 30 June 2020

**Company registration no. 04390392
(England and Wales)**



Sunhotels Limited

Annual report and financial statements for the year ended 30 June 2020

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Sunhotels Limited

Annual report and financial statements For the year ended 30 June 2020

Company information

Directors

John Guscic
Nigel Horne (resigned 5 May 2021)
Tony Ristevski
Marco Torrente

Company number

04390392

Company secretary and registered office

Ellis D Rosen
21 Fullwell Avenue
Barkingside
Ilford
Essex
IG6 2HA
England

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Banker

Banco de Sabadell, S.A., the UK branch
122 Leadenhall Street
London EC3V 4AB
United Kingdom

Sunhotels Limited

Directors' report for the year ended 30 June 2020 (continued)

The Directors present their Annual report and audited financial statements of Sunhotels Limited (the "Company") for the year ended 30 June 2020.

The Directors' report has been prepared in accordance with the special provisions in section 414A of the Companies Act 2006 in regards to small companies. The directors have taken the advantage of the small companies' exemption provided by section 414B of the Companies Act 2006 not to provide a strategic report.

Principal activities

The Company's principal activity during the year was rendering of services for other entities within Webjet Group.

Results and dividends

The results for the year are set out on page 9.

The Directors do not recommend payment of a dividend (2019: €0).

Directors

The following directors have held office since 1 July 2019 up to the date of this report:

John Guscic
Nigel Horne (resigned 5 May 2021)
Marco Torrente
Tony Ristevski

Future developments

Sunhotels Limited is going to continue to operate as a service company to WebBeds FZ LLC.

Going concern

The COVID-19 pandemic which started in January 2020, has continued to be an issue throughout the 2020 financial year. This has had a significant negative impact on the results of the travel business as a whole across the Webjet Limited Group (the "Group").

A significant development in the race to overcome this pandemic has been the discovery and mass production of a well-tested and effective vaccine against Covid-19. The rollout of the biggest vaccination plan across the UK and the rest of the world began in December 2020. This has been somewhat dampened by the discovery of new strains of the virus which have proven to be more infectious. This has resulted on further lockdowns and a freeze on travel in the UK and across parts of the world. Despite this, the vaccination roll out has been a key positive development for the business. The Company's Directors and Management expect the industry to gradually recover with the expectation there will be pent up demand once the borders open and business and leisure travel eventually resume.

The Company's liquidity position is inextricably linked to the liquidity position of other companies within the Group, due to the nature of cash pooling arrangements that exist across the Group as well the centralised treasury functionality. Consequently, to assess the liquidity position of the Company, the Directors have considered the wider operational, liquidity and funding impacts of the crisis on other companies within the Group who also form part of the pooling arrangements.

Sunhotels Limited

Directors' report for the year ended 30 June 2020 (continued)

Going concern (continued)

The directors of the Company have applied the going concern principle in the preparation of these annual financial statements, considering that the Company's operation is assured due to the mitigating factors, which follow:

- Due to the nature of the Company's business, which is the management of numerous back office functions for the WebBeds Group whose ultimate parent is Webjet Limited, the company's purpose is dependent on the continuation of the wider group. The Group has increased its own funds long term by issuing convertible notes, the extension of the debt covenant waiver period, the availability of credit lines and additional financing
- A significant element of the Company's cost base relates to wages and salaries. Where possible, and subject to local regulations, staffing levels and hours worked have been reduced. Government grant support has been taken to offset staffing costs that continue to be incurred.
- The Company has undertaken a cost efficiency exercise to reduce expenses, with key savings from headcount reduction and overhead expenses primarily employee travel expenses and discretionary costs. This is expected to be an ongoing focus which the Group is aiming to deliver at least 20% more cost efficiencies at scale.
- Almost all the Company's current liabilities originate with Group companies.
- The ultimate Parent Company of the Group confirms that it will provide the company with the financial, patrimonial, and operational support necessary to guarantee the continuity of the operations of this company for the 12 months from the date of signing the Financial Statements.

The financial statements have been prepared on the going concern basis which is dependent on the continued support of the ultimate parent company, Webjet Limited. The directors of Webjet Limited believe that the ultimate parent will be able to continue to provide such support for at least 12 months from signing these financial statements. As at the date of approval of these financial statements the group's trading since the balance sheet date has been in line with expectations which provides the Directors with a reasonable expectation that the actions taken to mitigate the risks posed by Covid-19 are sufficient to allow the group to meet its liabilities as they fall due. The Company has received letters of support from Webjet Limited confirming that they will provide such support to allow its liabilities to be met as they fall due.

The Directors, having considered the above and the financial position of Webjet Limited, continue to adopt the going concern basis in preparing the financial statements with reasonable expectation that the Company will continue in operational existence for the foreseeable future.

Principal risks and uncertainties

The Company's activities expose it to a number of risks and uncertainties including credit risk, cash flow and liquidity risk.

Cash flow and liquidity risk

It is foreseeable that the general situation of the markets and the subsequent waves of contagion could cause an increase in liquidity tensions in the economy, as well as a contraction of the credit market. However, the Webjet Limited Group has carried out an increase of 346 million Australian dollars (211 million euros, approximately) with the aim of mainly alleviating the effects of the crisis on the liquidity of the entities that make up the Group, including Sunhotels Ltd.

Credit risk

In general, the Company maintains its treasury in financial entities with a reasonable credit level. Regarding this risk, in relation to accounts receivable from the main activity of the Company, these are not covered by any insurance. Additionally, it should be noted that there is a concentration of credit risk with a related entity (see Note 11). The operations carried out by the Company within its main activity are with the company of the Group WebBeds FZ LLC.

Financial instrument risks

The factors mentioned above, together with other specific factors such as the drop in sales, as well as the prohibition of flights that are not strictly necessary, may cause a decrease in the next financial statements in the amounts of relevant headings for the Company such as "Turnover" or "Operating result". However, the corporate operations carried out by the Financial Management of the Webjet Limited Group allow operations to continue and maintain the appropriate level of

Sunhotels Limited

Directors' report for the year ended 30 June 2020 (continued)

Principal risks and uncertainties (continued)

Financial instrument risks (continued)

leverage, through among others agreed financial loans by the Group. The Company will be indirectly affected by these operations as it belongs to a highly integrated Group that presents its joint profit distributed among the companies based on the profit they contribute to the global business.

United Kingdom exit from the European Union risk

The company's directors consider that there will be no impact on Sunhotels Limited activity related to Brexit, as the main business of the company is to provide services to the Group which include entities external to the EU.

Climate change risk

The directors continue to monitor developments in relation to the ongoing discussions regarding climate change around the globe. As the group operates in the travel industry any changes to the habits of how we travel will have an impact on business operations. The risks to the group are that travel volume reduce or that travel costs increase which would affect the profitability of the company. The directors consider the group is well placed to meet any changes relating to climate change legislation and has the knowledge to be flexible to meet the immediate and longer term changes. Also the directors do not consider there to be any significant risk to asset valuation regarding climate change for the foreseeable future.

Auditor

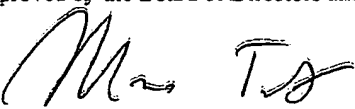
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 28 May 2021 by


Marco Torrente
Managing Director

Sunhotels Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Sunhotels Limited

Independent auditor's report to the members of Sunhotels Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sunhotels Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and loss account;
- the Balance sheet;
- the Statement of changes in equity; and
- the related notes 1 to 14.

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).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Sunhotels Limited

Independent auditor's report to the members of Sunhotels Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Directors' report.

Sunhotels Limited

Independent auditor's report to the members of Sunhotels Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.

Use of our report

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

Alistair Pritchard FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 May 2021

Sunhotels Limited

Profit and loss account for the year ended 30 June 2020

	Note	30 June 2020 €	30 June 2019 €
Turnover	3	(6,583,717)	1,623,740
Gross (loss)/profit		(6,583,717)	1,623,740
Administrative expenses		(1,092,219)	(1,508,635)
Other operating income		32,325	-
Other operating expenses		(189,638)	-
Operating (loss)/profit	4	(7,833,249)	(115,105)
Interest expense	7	-	(180,354)
Loss before taxation		(7,833,249)	(65,249)
Taxation	8	1,524,275	-
Profit/(loss) for the financial year		(6,308,974)	(65,249)

All results are derived from continuing operations. There have been no recognised gains or losses attributable to shareholders other than those shown above and accordingly no separate statement of comprehensive income is presented.

Sunhotels Limited

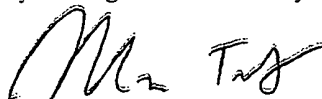
Balance sheet as at 30 June 2020

	Note	30 June 2020 €	30 June 2019 €
Fixed assets			
Tangible assets	9	1,165	2,498
Investments	10	<u>3,228</u>	<u>3,228</u>
		4,393	5,726
Current assets			
Debtors: amounts falling due within one year	11	1,711,168	1,631,253
Cash at bank and in hand		<u>165,089</u>	<u>86,953</u>
		1,876,257	1,718,206
Creditors: amounts falling due within one year	12	(8,675,208)	(2,209,516)
Net current liabilities		<u>(6,798,951)</u>	<u>(491,310)</u>
Total assets less current liabilities		<u>(6,794,558)</u>	<u>(485,584)</u>
Net liabilities		<u>(6,794,558)</u>	<u>(485,584)</u>
Capital and reserves			
Called-up share capital	13	1,580	1,580
Profit and loss account	13	(6,796,138)	(487,164)
Shareholders deficit		<u>(6,794,558)</u>	<u>(485,584)</u>

The company's financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies' regime.

These financial statements of Sunhotels Limited (registered number 04390392) were approved by the Board of Directors 28 May 2021.

They were signed on its behalf by:



Mareo Torrente
Managing Director

Sunhotels Limited

Statement of changes in equity for the year ended 30 June 2020

	Called-up share capital	Profit and loss account	Total
	€	€	€
At 1 July 2018	1,580	(421,915)	(420,335)
Loss for the year	-	(65,249)	(107,750)
	<hr/>	<hr/>	<hr/>
At 30 June 2019	1,580	(487,164)	(485,584)
Loss for the year	-	(6,308,974)	(6,308,974)
	<hr/>	<hr/>	<hr/>
At 30 June 2020	<hr/> 1,580	<hr/> (6,796,138)	<hr/> (6,794,558)

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Sunhotels Limited (the “Company”) is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the Company’s registered office is shown on page 1.

The principal activities of the Company are set out in the directors’ report on pages 2 to 3.

These financial statements are separate financial statements prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and in the Republic of Ireland and the Companies Act 2006. Accordingly, the Company is not required to prepare consolidated financial statements.

The functional currency of the Company is considered to be euros because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to financial instruments and remuneration of key management personnel.

The Directors have confirmed that the consolidated financial statements of Webjet Limited include the equivalent disclosures related to financial instruments.

As 100% of the Company’s voting rights are controlled within the group headed by Webjet Limited, the Company has taken advantage of the exemption contained in FRS 102 Section 33 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the group.

Going concern

The COVID-19 pandemic which started in January 2020, has continued to be an issue throughout the 2020 financial year. This has had a significant negative impact on the results of the travel business as a whole across the Group.

A significant development in the race to overcome this pandemic has been the discovery and mass production of a well-tested and effective vaccine against Covid-19. The rollout of the biggest vaccination plan across the UK and the rest of the world began in December 2020. This has been somewhat dampened by the discovery of new strains of the virus which have proven to be more infectious. This has resulted on further lockdowns and a freeze on travel in the UK and across parts of the world. Despite this, the vaccination roll out has been a key positive development for the business. The Company’s Directors and Management expect the industry to gradually recover with the expectation there will be pent up demand once the borders open and business and leisure travel eventually resume.

The Company’s liquidity position is inextricably linked to the liquidity position of other companies within the Group, due to the nature of cash pooling arrangements that exist across the Group as well the centralised treasury functionality. Consequently, to assess the liquidity position of the Company, the Directors have considered the wider operational, liquidity and funding impacts of the crisis on other companies within the Group who also form part of the pooling arrangements.

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020

Going concern (continued)

The Directors of the Company have applied the going concern principle in the preparation of these annual financial statements, considering that the Company's operation is assured due to the mitigating factors, which follow:

- Due to the nature of the Company's business, which is the management of numerous back office functions for the WebBeds Group whose ultimate parent is Webjet Limited, the company's purpose is dependent on the continuation of the wider group. The Group has increased its own funds long term by issuing convertible notes, the extension of the debt covenant waiver period, the availability of credit lines and additional financing
- A significant element of the Company's cost base relates to wages and salaries. Where possible, and subject to local regulations, staffing levels and hours worked have been reduced. Government grant support has been taken to offset staffing costs that continue to be incurred.
- The Company has undertaken a cost efficiency exercise to reduce expenses, with key savings from headcount reduction and overhead expenses primarily employee travel expenses and discretionary costs. This is expected to be an ongoing focus which the Group is aiming to deliver at least 20% more cost efficiencies at scale.
- Almost all the Company's current liabilities originate with Group companies.
- The ultimate Parent Company of the Group confirms that it will provide the company with the financial, patrimonial, and operational support necessary to guarantee the continuity of the operations of this company for the 12 months from the date of signing the Financial Statements.

The financial statements have been prepared on the going concern basis which is dependent on the continued support of the ultimate parent company, Webjet Limited. The directors of Webjet Limited believe that the ultimate parent will be able to continue to provide such support for at least 12 months from signing these financial statements. As at the date of approval of these financial statements the group's trading since the balance sheet date has been in line with expectations which provides the Directors with a reasonable expectation that the actions taken to mitigate the risks posed by Covid-19 are sufficient to allow the group to meet its liabilities as they fall due. The Company has received letters of support from Webjet Limited confirming that they will provide such support to allow its liabilities to be met as they fall due.

The Directors, having considered the above and the financial position of Webjet Limited, continue to adopt the going concern basis in preparing the financial statements with reasonable expectation that the Company will continue in operational existence for the foreseeable future.

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Hardware	3 years straight-line
----------	-----------------------

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

i. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, it is considered whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when:

- a) the contractual rights to the cash flows from the financial asset expire or are settled,
- b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

ii. Investments

Investments in subsidiaries are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

iii. Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

i. Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

ii. Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

1 Accounting policies (continued)

Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if:

- a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover represents amounts receivable through a transfer pricing mechanism within the Webjet group for providing back office service for other entities within the wider group. The amount received is based on costs incurred in the company plus a mark up for back office services provided to the wider group.

Other operating income

Other operating income represents amounts receivable due to government grants. Grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity is recognised in profit and loss in the year in which it becomes receivable.

Other operating expenses

Other operating expenses represent amounts payable through a transfer pricing mechanism within the Webjet group. The amount paid is based on the net bank interest incurred by the entities providing treasury management services to the Webjet group.

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

1 Accounting policies (continued)

Pensions

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

The directors do not consider there to be any critical accounting judgements.

Key source of estimation uncertainty

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 within the next financial year, are discussed below.

The Company is currently loss making and is recognising a deferred tax asset. Based on the latest forecasts, and considering the recovery in the market subsequent to the COVID-19 pandemic, the Directors are confident that the Company will generate future taxable profits. It is therefore believed that the deferred tax asset can be used to offset future tax payments. Should trading conditions and results be significantly worse than our expectations, it is possible that an adjustment to the deferred tax asset value may be required in future years.

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Turnover

Turnover represents income recognised from the main class of business and is derived from the United Arab Emirates.

	2020	2019
	€	€
Service (charge)/income	(6,583,717)	1,623,740
	<u>(6,583,717)</u>	<u>1,623,740</u>

Turnover in the current year is negative due to losses allocated to Sunhotels through a transfer pricing mechanism within the Webjet group for providing both back office and management services for other entities within the transfer pricing group.

4 Operating (loss)/profit

	2020	2019
	€	€
Operating (loss)/profit is stated after (crediting)/charging:		
Depreciation of tangible assets	1,333	1,444
Foreign exchange gain	(97,802)	(22,047)
Fees payable to the company's auditor for the audit of the company's annual financial statements	19,980	20,000
Payments made under operating leases in the year	<u>3,640</u>	<u>11,095</u>

5 Employees

	2020	2019
	€	€
Employment cost		
Wages and salaries	826,747	1,156,892
Social security costs	97,280	113,876
	<u>924,027</u>	<u>1,270,768</u>

The average monthly number of employees was the following:

	Number	Number
Administrative	8	10
Sales	1	1
Corporate	2	2
	<u>11</u>	<u>13</u>

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

6 Directors' remuneration

	2020 €	2019 €
Aggregate remuneration	295,692	456,357
	<u>295,692</u>	<u>456,357</u>

The highest paid director during the year received total remuneration of €295,692 (PY: €456,357).

7 Interest expense

	2020 €	2019 €
Interest owed to Related Parties	-	180,354
	<u>-</u>	<u>180,354</u>

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

8 Taxation

	2020 €	2019 €
Current tax on profit		
UK corporation tax	-	-
Total current tax expense	-	-
Deferred tax		
Losses not previously recognised	(39,853)	-
Current year losses recognised	(1,484,422)	-
Total deferred tax	(1,524,275)	-
Tax credit on loss	(1,524,275)	-
Loss before tax	(7,833,249)	(65,249)
Tax on loss at standard UK corporation tax rate of 19% (FY19: 19%)	(1,488,317)	(12,397)
Effects of:		
Expenses not deductible for tax purposes	3,895	1,518
Losses not recognised	-	10,879
Losses not previously recognised	(39,853)	-
Tax credit for the year	(1,524,275)	-

The standard rate of tax applied to reported profit is 19% (30 June 2019: 19%). In 2016, the UK government announced that the rate would be reduced to 19% from 1 April 2017, and to 18% from 1 April 2020. The UK Finance Bill 2016 was enacted in September 2016 reducing the standard rate of corporation tax to 17%, effective from 1 April 2020. On March 2020 it was announced (with the bill being substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% on 1 April 2020.

Reconciliation of movements in deferred tax balances

	Deferred tax asset re: losses €
Opening balance 30 June 2019	-
Deferred tax credit for the year	1,524,275
Closing balance 30 June 2020	1,524,275

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

9 Tangible fixed assets

	Hardware €
<i>Cost</i>	
At 1 July 2019	6,993
Additions	-
	<hr/>
At 30 June 2020	6,993
	<hr/>
<i>Depreciation</i>	
At 1 July 2019	(4,495)
Charge for the year	(1,333)
	<hr/>
At 30 June 2020	(5,828)
	<hr/>
<i>Net book value</i>	
At 30 June 2020	1,165
	<hr/>
At 30 June 2019	2,498
	<hr/>

10 Investments

	Investments in subsidiary undertakings €
<i>Cost</i>	
At 1 July 2019	3,228
Provision for impairment	-
	<hr/>
At 30 June 2020	3,228
	<hr/>

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

10 Investments (continued)

The company holds 20% or more of the share capital of the following Webjet Group companies that are business support companies for other entities within the group:

Company	Registered office	Shares held		Nature of business activity
		Class	%	
Sun Hotels Mundo S.L. (Spain)	Calle Calçat 6, Palma de Mallorca	Ordinary	100	Administrative services to the Group
Incoming UK Inc. Limited	21 Fullwell Avenue, Barkingside, Ilford, Essex, IG6 2HA, England	Ordinary	100	Dissolved

All entities have ordinary shares unless otherwise stated.

Incoming UK was dissolved on 6 October 2020.

11 Debtors: amounts falling due within one year

	2020	2019
	€	€
VAT receivable	16,348	16,722
Amounts owed by fellow Group undertakings	78,842	1,522,868
Prepayments	596	556
Corporation tax asset	91,107	91,107
Deferred tax asset	1,524,275	-
	<hr/>	<hr/>
	1,711,168	1,631,253
	<hr/>	<hr/>

The amounts owed by fellow Group undertakings are unsecured, repayable on demand and interest free.

Sunhotels Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

12 Creditors: amounts falling due within one year

	2020	2019
	€	€
Other taxes and social security costs	20,668	37,073
Other creditors	33,900	26,151
Amounts owed to fellow Group undertakings	8,569,970	1,848,731
Accruals and deferred revenue	50,670	297,561
	<hr/>	<hr/>
	8,675,208	2,209,516
	<hr/>	<hr/>

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

13 Called-up share capital and reserves

	Allotted, called up and fully paid			
	2020	2020	2019	2019
	Number	€	Number	€
Ordinary shares of £1 each	1,000	1,580	1,000	1,580
	<hr/>	<hr/>	<hr/>	<hr/>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of other adjustments.

14 Ultimate controlling party

In the opinion of the Directors, the Company's ultimate parent company and ultimate controlling party is Webjet Limited, a company incorporated in Australia.

The parent undertaking of the largest and smallest group, which includes the Company and for which financial statements are prepared, is Webjet Limited. Copies of the group financial statements of Webjet Limited are available on Webjet Limited's corporate website www.webjetlimited.com or from their registered address, Level 2, 509 St Kilda Road, Melbourne, Vic 3004, Australia.

The Company's immediate controlling party is WebBeds Holding Co Limited.