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**TRULY TRAVEL LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2019**

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**TRULY TRAVEL LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S K Edara P Panteli R D Francis (appointed 16 July 2019)
<b>Company secretary</b>	J P Secretarial Services Limited
<b>Registered number</b>	06856368
<b>Registered office</b>	2nd Floor Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA
<b>Independent auditors</b>	White Hart Associates (London) Limited Chartered Accountants and Statutory Auditors 2nd Floor Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA

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TRULY TRAVEL LIMITED

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## TRULY TRAVEL LIMITED

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

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#### Introduction

The directors present their strategic report for the year ended 31 October 2019.

#### Business review

The company is required by the Companies Act to set out in this report, a fair review of the business during the financial year ended 31 October 2019, and the position of the Company at the end of the period, together with a description of the principal risks and uncertainties facing the Company.

This review is prepared solely to provide additional information to shareholders to assess the Company's strategies to succeed, and the business review should not be relied upon by any other party or for any other purpose. This report forms only a part of the company's financial statements, a full copy of which can be obtained at the company's registered office.

In a highly competitive market in the UK, the company has continued to invest in technology, brand and range of holidays. The underlying EBITDA before exceptional costs was £2.02m (2018: £2.58m) and the directors consider the results to be satisfactory taking into account the market conditions which were impacted by consumer uncertainty around the UK's decision to leave the EU and the failure of Thomas Cook.

The key performance indicators used by the directors to monitor the progress of the Company are set out below:-

#### Key performance indicators

	2019	2018
	£	£
Gross Retail Turnover - "GRT"	143,283,671	151,983,017
Turnover - commissions and margin	17,611,663	17,940,436
Turnover as a percentage of GRT	12.29%	11.80%
Earnings before interest, taxation, depreciation and amortisation - "EBITDA"	1,521,629	2,363,472
Exceptional costs (Note 14)	497,087	213,854
Underlying EBITDA before exceptional costs	<u>2,018,716</u>	<u>2,577,326</u>

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

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**Principal risks and uncertainties**

The Company has identified a number of risks and uncertainties that could potentially damage the current business model and further growth opportunities.

- The Company is exposed to various regulators, including the Civil Aviation Authority ("CAA") which issues an Air Travel Organisers' Licence ("ATOL") which is required in order for the Company to operate. This licence is renewed in March each year and is subject to assessments of fitness and financial criteria, the framework of which is available on the CAA website ([www.caa.co.uk](http://www.caa.co.uk)).

- **Market risks** - The principal risks and uncertainties continue to be economic. Pressures on disposable income in the UK and the austerity measures imposed in key destination markets continue to impact buying decisions and have increased the level of consumer uncertainty. The travel industry remains highly competitive and is exposed to changes in consumer buying patterns with increased usage of the internet and mobile devices in purchasing holidays and travel arrangements. The Company continues to focus on its distribution channels, service, offering and the opportunities that are arising from the dynamic and uncertain environment. There is continuing pressure from suppliers to reduce the margins third parties can earn, as they seek to increasingly control their distribution.

- **Information technology** - The Company is heavily reliant upon information technology. Investment is made to ensure that the Company has advanced and efficient systems in place but there is a risk if there were a major failure - particularly if it were to affect its website. Procedures are in place to minimise the time needed to rectify such a failure.

- **Commercial relationships** - The Company has well established and close relationships with suppliers and risk is spread by not placing over-reliance on any one supplier in any particular area. However, if a relationship were lost or damaged with a major supplier this could have a detrimental effect on the business. The management team meets regularly with suppliers to maintain good working relationships and to understand their supplier's financial position.

- **Commercial risks** - The Company's trading performance can be affected by environmental factors, which include:

- acts of terrorism, particularly in key tourist destinations

- natural disasters in key tourist destinations

- weather conditions, both in the UK and in key tourist destinations

- health epidemics in key tourist destinations

- increase in government taxes in both UK and overseas

- wars or other international incidents which affect air or sea travel

This report was approved by the board on 27 February 2020 and signed on its behalf.

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**S K Edara**  
**Director**

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## TRULY TRAVEL LIMITED

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

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

#### Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

#### Principal activity

The Company's principal activity during the year continued to be that of a travel agent. The Company is a member of the Travel Trust Association ("TTA") and holds an ATOL (Air Travel Organisers' Licence) granted by the Civil Aviation Authority.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,350,029 (2018 - £2,024,635).

No dividends were paid or proposed for the year ending 31 October 2019.

#### Directors

The directors who served during the year were:

S K Edara  
P Panteli  
R D Francis (appointed 16 July 2019)

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**TRULY TRAVEL LIMITED**

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

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**Future developments**

The UK market conditions are expected to remain challenging but the Company prospects are good, bookings remain strong and the directors are confident of controlled growth in 2020. While growing the business the directors will continue to review its fixed and variable costs with a view to implementing greater efficiencies to its operations wherever practical and possible.

**Research and development activities**

Research and development work continues and accelerated in this year in relation to the Company's software architecture. The Company's growth is dependent on the investment in cutting edge technology and the ability to deliver fast, innovative and effective search results for customers. During the year the Company undertook a number of projects in relation to this development. All development costs were treated as expenditure in the Company's profit and loss account and not capitalised.

**Disclosure of information to auditors**

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

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

**Post balance sheet events**

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

**Auditors**

The auditors, White Hart Associates (London) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 February 2020 and signed on its behalf.

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**S K Edara**  
**Director**

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRULY TRAVEL LIMITED

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**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**The impact of uncertainties due to Britain exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments, intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company or group and this is particularly the case in relation to Brexit.



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

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**Conclusions relating to going concern**

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

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TRULY TRAVEL LIMITED

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

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**Use of our report**

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

Ms N A Spoor ACA FCCA (Senior Statutory Auditor)

for and on behalf of

**White Hart Associates (London) Limited**

Chartered Accountants and Statutory Auditors

2nd Floor  
Nucleus House  
2 Lower Mortlake Road  
Richmond  
TW9 2JA

27 February 2020

TRULY TRAVEL LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £	2018 £
<b>Gross Retail Turnover ("GRT")</b>		<b>143,283,671</b>	<b>151,983,017</b>
Turnover	4	17,611,663	17,940,436
<b>Gross profit</b>		<b>17,611,663</b>	<b>17,940,436</b>
Distribution costs		(8,813,881)	(8,276,918)
Administrative expenses		(6,846,995)	(7,161,293)
Exceptional administrative expenses	14	(497,087)	(213,854)
Other operating income	5	29,962	23,877
<b>Operating profit</b>	6	<b>1,483,662</b>	<b>2,312,248</b>
Interest receivable and similar income	10	131	77
Interest payable and similar expenses	11	-	(33,991)
<b>Profit before tax</b>		<b>1,483,793</b>	<b>2,278,334</b>
Tax on profit	12	(133,764)	(253,699)
<b>Profit for the financial year</b>		<b>1,350,029</b>	<b>2,024,635</b>

Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

	2019 £	2018 £
Operating profit	1,483,662	2,312,248
Depreciation of tangible fixed assets	37,967	37,136
Amortisation of intangible assets	-	14,088
Exceptional costs (Note 14)	497,087	213,854
	<b>2,018,716</b>	<b>2,577,326</b>

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TRULY TRAVEL LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2019

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	Note	2019 £	2018 £
Profit for the financial year		1,350,029	2,024,635
Other comprehensive income			
Total comprehensive income for the year		1,350,029	2,024,635

The notes on pages 14 to 28 form part of these financial statements.

**TRULY TRAVEL LIMITED**  
**REGISTERED NUMBER: 06856368**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	15	7,222	40,900
		<u>7,222</u>	<u>40,900</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	14,954,286	13,806,481
Cash at bank and in hand	17	5,786,531	2,852,809
		<u>20,740,817</u>	<u>16,659,290</u>
Creditors: amounts falling due within one year	18	(8,330,778)	(5,632,958)
<b>Net current assets</b>		<u>12,410,039</u>	<u>11,026,332</u>
<b>Total assets less current liabilities</b>		<u>12,417,261</u>	<u>11,067,232</u>
Creditors: amounts falling due after more than one year	19	(500,000)	(500,000)
<b>Net assets</b>		<u><u>11,917,261</u></u>	<u><u>10,567,232</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	99	99
Profit and loss account	23	11,917,162	10,567,133
		<u><u>11,917,261</u></u>	<u><u>10,567,232</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 February 2020.

.....  
**S K Edara**  
**Director**

The notes on pages 14 to 28 form part of these financial statements.

TRULY TRAVEL LIMITED

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

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 November 2017</b>	<b>99</b>	<b>8,692,498</b>	<b>8,692,597</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,024,635	2,024,635
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	2,024,635	2,024,635
Dividends: Equity capital	-	(150,000)	(150,000)
<b>Total transactions with owners</b>	-	(150,000)	(150,000)
<b>At 1 November 2018</b>	<b>99</b>	<b>10,567,133</b>	<b>10,567,232</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,350,029	1,350,029
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	1,350,029	1,350,029
<b>Total transactions with owners</b>	-	-	-
<b>At 31 October 2019</b>	<b>99</b>	<b>11,917,162</b>	<b>11,917,261</b>

The notes on pages 14 to 28 form part of these financial statements.

TRULY TRAVEL LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,350,029	2,024,635
<b>Adjustments for:</b>		
Amortisation of intangible assets	-	14,088
Depreciation of tangible assets	37,967	37,136
Interest paid	-	33,991
Interest received	(131)	(77)
Taxation charge	133,764	253,699
(Increase) in debtors	(28,903)	(3,921,249)
(Increase)/decrease in amounts owed by group undertakings	(1,114,000)	1,130,205
Increase in creditors	2,845,543	1,386,425
Corporation tax (paid)	(286,389)	(28,283)
<b>Net cash generated from operating activities</b>	<b>2,937,880</b>	<b>930,570</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(4,289)	(4,237)
Interest received	131	77
<b>Net cash from investing activities</b>	<b>(4,158)</b>	<b>(4,160)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	-	(1,250,000)
Dividends paid	-	(150,000)
Interest paid	-	(33,991)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(1,433,991)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,933,722</b>	<b>(507,581)</b>
Cash and cash equivalents at beginning of year	2,852,809	3,360,390
<b>Cash and cash equivalents at the end of year</b>	<b>5,786,531</b>	<b>2,852,809</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	5,786,531	2,852,809
	<b>5,786,531</b>	<b>2,852,809</b>

The notes on pages 14 to 28 form part of these financial statements.



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

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**1. General information**

As disclosed in the Directors' Report, the principal activity of the Company in the year under review continued to be that of a travel agent.

The Company is a private company limited by shares and is incorporated in England. The address of the company's principal place of business, being different to the registered office stated on the Company Information page, is:

3rd Floor

Royal House

2 Vine Street

Uxbridge

UB8 1QE

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

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

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**2. Accounting policies (continued)**

**2.3 Revenue**

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

Turnover represents the net commission earned in respect of holiday and travel arrangement sales, recognised on the date of booking basis.

Gross Retail Turnover ("GRT") - GRT is the total gross sales amount received in respect of the sale of the holiday and travel arrangement sales for the year. Section 23 of FRS102 requires the statutory turnover to be the net of commission earned.

Trade debtors still represent the gross amount receivable in respect of sales of holiday accommodation and travel arrangements, and trade creditors still represent the amounts payable in respect of purchase of holiday accommodation and travel arrangements.

**2.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

**2.5 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.6 Interest income**

Interest income is recognised in the Profit and Loss Account using the effective interest method.

**2.7 Finance costs**

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

**2.8 Borrowing costs**

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

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

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**2. Accounting policies (continued)**

**2.9 Pensions**

**Defined contribution pension plan**

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

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

**2.10 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.11 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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

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**2. Accounting policies (continued)**

**2.12 Intangible assets**

**Goodwill**

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

**Other intangible assets**

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

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

**2.13 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Plant and machinery	- over 3 years
Motor vehicles	- over 4 years
Fixtures and fittings	- over 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

**2.14 Debtors**

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

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.15 Cash and cash equivalents**

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.16 Creditors**

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

**2.17 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

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

2. Accounting policies (continued)

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgments in applying the Company's accounting policies

The directors believe that there are no critical judgments involved in applying the Company's accounting policies that warrant disclosure.

b) Key accounting estimates and assumptions

The directors believe that there are no key accounting estimates and assumptions involved in applying the Company's accounting policies that warrant disclosure.

4. Turnover

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

	2019 £	2018 £
Sole activity - Travel agency	17,611,663	17,940,436
	<u>17,611,663</u>	<u>17,940,436</u>
	2019 £	2018 £
United Kingdom	17,611,663	17,940,436
	<u>17,611,663</u>	<u>17,940,436</u>

All turnover arose within the United Kingdom.

TRULY TRAVEL LIMITED

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

5. Other operating income

	2019 £	2018 £
Foreign exchange gains	29,962	23,877
	<u>29,962</u>	<u>23,877</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	37,967	37,136
Amortisation of intangible assets, including goodwill	-	14,088
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16,000	16,000
Defined contribution pension cost	<u>25,637</u>	<u>21,925</u>

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16,000</u>	<u>16,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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TRULY TRAVEL LIMITED

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

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8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	1,038,651	829,005
Social security costs	52,920	89,751
Cost of defined contribution scheme	25,637	21,925
	<u>1,117,208</u>	<u>940,681</u>

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

	2019 No.	2018 No.
Administration	12	10
Commercial	5	4
	<u>17</u>	<u>14</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	221,233	159,516
Company contributions to defined contribution pension schemes	9,476	7,040
	<u>230,709</u>	<u>166,556</u>

During the year retirement benefits were accruing to 3 directors (2018 - 2) in respect of defined contribution pension schemes.

10. Interest receivable

	2019 £	2018 £
Other interest receivable	131	77
	<u>131</u>	<u>77</u>



TRULY TRAVEL LIMITED

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

11. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	-	33,991
	<u>-</u>	<u>33,991</u>

12. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	138,666	314,672
Adjustments in respect of previous periods	-	(56,342)
	<u>138,666</u>	<u>258,330</u>
<b>Total current tax</b>		
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,902)	(4,631)
	<u>(4,902)</u>	<u>(4,631)</u>
<b>Taxation on profit on ordinary activities</b>	<u>133,764</u>	<u>253,699</u>

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

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,483,793</u>	<u>2,278,334</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	281,921	432,883
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,093	1,604
Capital allowances for year in excess of depreciation	4,903	4,426
Adjustments to tax charge in respect of prior periods	-	(56,342)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(149,750)	(124,241)
Deferred tax	(4,902)	(4,631)
Other differences leading to an increase (decrease) in the tax charge	499	-
<b>Total tax charge for the year</b>	<u>133,764</u>	<u>253,699</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2019 £	2018 £
Interim dividend	-	150,000
	<u>-</u>	<u>150,000</u>

TRULY TRAVEL LIMITED

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

14. Exceptional items

	2019 £	2018 £
Exceptional costs from supplier failure	497,087	213,854
	<u>497,087</u>	<u>213,854</u>

15. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 November 2018	48,582	75,377	78,087	202,046
Additions	4,289	-	-	4,289
At 31 October 2019	<u>52,871</u>	<u>75,377</u>	<u>78,087</u>	<u>206,335</u>
<b>Depreciation</b>				
At 1 November 2018	43,554	56,532	61,060	161,146
Charge for the year on owned assets	2,095	18,845	17,027	37,967
At 31 October 2019	<u>45,649</u>	<u>75,377</u>	<u>78,087</u>	<u>199,113</u>
<b>Net book value</b>				
At 31 October 2019	<u>7,222</u>	<u>-</u>	<u>-</u>	<u>7,222</u>
<b>At 31 October 2018</b>	<u>5,028</u>	<u>18,845</u>	<u>17,027</u>	<u>40,900</u>

TRULY TRAVEL LIMITED

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

16. Debtors

	2019 £	2018 £
Trade debtors	12,962,338	12,676,489
Amounts owed by group undertakings	1,295,444	181,444
Other debtors	314,353	462,345
Prepayments and accrued income	376,707	485,661
Deferred taxation	5,444	542
	<u>14,954,286</u>	<u>13,806,481</u>

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	5,786,531	2,852,809
	<u>5,786,531</u>	<u>2,852,809</u>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	7,470,813	5,209,120
Corporation tax	138,666	286,389
Other taxation and social security	14,138	13,717
Other creditors	22,902	24,353
Accruals and deferred income	684,259	99,379
	<u>8,330,778</u>	<u>5,632,958</u>

TRULY TRAVEL LIMITED

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

19. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

The directors' loan of £500,000 above is subject to a subordinated undertaking in favour of the Civil Aviation Authority and cannot be repaid without their prior written consent.

20. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due 2-5 years</b>		
Directors' loans	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

21. Deferred taxation

	2019 £	2018 £
At beginning of year	542	(4,089)
Charged to profit or loss	4,902	4,631
<b>At end of year</b>	<u>5,444</u>	<u>542</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	542	(4,089)
Charged to profit or loss	4,902	4,631
	<u>5,444</u>	<u>542</u>

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TRULY TRAVEL LIMITED

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

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**22. Share capital**

	2019	2018
	£	£
<b>Allotted, called up and fully paid</b>		
99 (2018 - 99) Ordinary shares of £1 each	<u>99</u>	<u>99</u>

The Ordinary shares of £1 each carry full voting rights, full dividend rights and full rights to participation in any capital distribution on winding up.

**23. Reserves**

**Profit and loss account**

The profit and loss account represents all current and prior period retained profits and losses, less any dividends paid to the Company's parent.

**24. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £25,637 (2018 - £21,925). Contributions totalling £2,627 (2018 - £4,163) were payable to the fund at the reporting date and are included in creditors.

**25. Commitments under operating leases**

The Company had no commitments under non-cancellable operating leases as at the balance sheet date.

**26. Cash at Bank**

The company is a member of the Travel Trust Association ("TTA") and utilises the TTA structure in order to protect consumer funds in accordance with the Package Travel Regulations. As at 31 October 2019, included in cash at bank is the sum of £2,483,379 (2018: £700,620) held in the TTA consumer trust account to be released based upon a set of rules agreed with the TTA which provide full consumer protection.

**27. Holding Company**

Truly Holdings Limited, whose registered office is situated at 2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA, is the Company's immediate and ultimate parent.

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**TRULY TRAVEL LIMITED**

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

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**28. Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard 102, paragraph 33.1A, from the requirement to disclose transactions with group companies on the basis that consolidated financial statements are prepared by the ultimate parent company.

**29. Controlling party**

The ultimate controlling party is Mr S K Edara, a director of the company, by virtue of his 53.6% ownership of the issued share capital of the holding company, Truly Holdings Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.