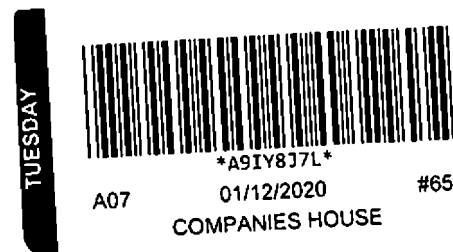




AIG Travel EMEA Limited

**Annual Report and Financial
Statements**

**For the year ended
30 November 2019**



Company Registration Number: 01728011

AIG Travel EMEA Limited
Annual Report & Financial Statements for the year ended 30 November 2019

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Company Information

For the year ended 30 November 2019

Directors

M Heap
J Howard
F O'Neill
J Page
I Robinson
J Rutledge
S Waithe

Company Secretary

K Hillery

Registered Office

Unit 21
Cecil Pashley Way
Shoreham Airport
Shoreham-by-Sea
West Sussex
BN43 5FF

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Principal Bankers

The Royal Bank of Scotland plc
PO Box 300
Brighton, East Sussex
BN1 9TE

Citigroup N.A.
25 Canada Square
London
E14 5LB

Strategic Report – for the year ended 30 November 2019

Principal Activities

The principal activities of the company are to provide emergency medical assistance to claimants insured via travel companies, and claims handling services.

Business Review

The results of the Company for the year are set out on page 11 of the financial statements and show a loss before taxation of £787,782 (2018: £724,965 loss). The Company saw an increase in turnover in 2019 of £1.3 million largely due to revenue generated from new business through the Expedia distribution channel which the Directors believe is a good indicator of strong underlying business performance. The Company also incurred additional operating expenses for the additional headcount required to service the Expedia business and also in relation to ad hoc maintenance costs. The loss for the year includes an impairment charge on the investment in subsidiary, AIG Travel Europe Limited as this company continues to struggle in this economic environment. The cost of sales and administrative expenses increased in the current year through the side effect of business growth.

At 30 November 2019, the shareholders' funds of the Company, as shown on page 12, total £2,899,559 (2018: £4,100,731). The directors consider the level of business and the year-end financial position of the Company to be satisfactory.

Key Performance Indicators

The Board monitors the performance of the Company with the following key performance indicators:

	2019	2018
	£	£
Turnover	8,678,167	7,536,966
Operating loss margin	-5.86%	-4.74%
Total shareholders' funds	2,899,559	4,100,731

The increase in turnover has been driven by the launch of the business with Expedia from March 2019. The increase was offset by lower than expected case volumes during the year which resulted in lower than expected income, however the year on year movement was still favourable. The impairment charge recognised on the Company subsidiary, AIG Travel Europe Limited, has contributed to the loss. Total shareholders' funds reduced as a result of the loss reported in the year.

Future Outlook

Turnover is expected to grow in 2020, also relative to the cost base which will lead the Company to profitability in future years. A review of the impact of COVID-19 on the performance of the Company thus far in 2020 has not led to any fundamental or significant changes in the strategy of the Company.

Approach to Risk

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the company. As part of the AIG Group, the Company conforms to a proper internal control framework, which exists to manage financial risks and ensures that the controls operate effectively.

Principal Risks and Uncertainties

The Company is exposed to financial risks through its financial assets and financial liabilities in particular, the following key financial risks may arise:

- **Liquidity Risk** – is the risk that cash may not be available to pay obligations at a reasonable cost when due. The amounts due from group companies are monitored regularly, and followed up when overdue. The risk is mitigated by cash flow monitoring and monthly forecasts to ensure that sufficient funds are available to meet anticipated outflow requirements.

AIG Travel EMEA Limited
Annual Report & Financial Statements for the year ended 30 November 2019

- **Credit Risk** – is the risk that a counterparty will be unable to pay amounts in full when due. The key areas where the Company is exposed to credit risk are:
 - amounts due from debtors - the company's exposure is managed through credit control measures by regular monitoring of payment performance and trends.
 - banking relationships – bank balances are usually kept to a minimum and surplus cash is lent to a group company which can be recalled at sufficient notice to meet the day to day liabilities.
- **Interest Rate Risk** –arises mainly from the impact that the change in interest rates may have on loans to/from group companies. Interest due on loans is determined with reference to the Sterling LIBOR rate. The Company helps to mitigate this risk by maintaining the duration of the maturity of its loans to less than one year.
- **Foreign Exchange Risk** – is managed through the active matching of assets and liabilities within the major currency (other than sterling) exposures, which are the Euro and the US Dollar.
- **Group Risk** – The Company is exposed to group risk as it uses group resources for systems, support and processes. The activities of the wider group could affect the Company's strategy and reputation, in particular its regulatory, social and ethical standing and client perception. Management regularly reviews exposure to group companies and does not expect any losses to arise from non-performance of any group counterparties.

The Company follows the risk governance process as for American International Group UK Limited ("AIGUK") and they are regularly reviewed through the Audit Committee meetings for the Company.

There is an intrinsic business link between the Company and other group companies operating in the UK (primarily AIGUK). Substantially all of the Company's income is derived from services provided to group companies. The Company's exposure to these group companies is monitored on a regular basis.

The Company is vulnerable to changes in the regulatory environment, which impact its activities as we strive for best industry practice. The Company regularly reviews its procedures to ensure that it meets the regulatory requirements in force at the time. In addition, the compliance department and internal audit provide oversight of the Company's ongoing activities within the regulatory environment.

COVID-19 CORONAVIRUS

In addition to the risks above, the Company has been monitoring and managing the potential risks and uncertainties from the coronavirus (COVID-19) outbreak as follows.

The UK government released an action plan on 3 March 2020, giving a guide of what to expect in the UK if the COVID-19 outbreak continued and the overall phases of their plan to respond to the COVID-19 outbreak. Following on from the reporting date of this document, 30 November 2019, AIG has been proactive in monitoring operational readiness, financial impact and continued customer service excellence.

Given the rapidly developing situation, we have included an initial assessment on the impact of COVID-19 with respect to the following key areas; business continuity and operations, systems of governance, risk profile and impact on the business.

1. Business Continuity and Operations

Business continuity plans are currently in place within the UK and in all regions around the world. AIG is closely following developments and advisories from the UK Government; the Centres for Disease Control and Prevention ("CDC") as well as the World Health Organization ("WHO"). As of 17 March 2020, all AIG UK employees have been asked to work from home and this has been achieved with no serious issues identified impacting our business operations.

IT is monitoring network traffic and has delivered full network availability and functionality for our IT systems. To date no major application issues have been encountered, but minor issues are being reviewed and addressed as required. Third party performance is being monitored and any issues are escalated to their representatives in a timely manner. No major issues have been identified which would jeopardise our critical business functions.

AIG Travel EMEA Limited
Annual Report & Financial Statements for the year ended 30 November 2019

2. Systems of Governance

The infrastructure and framework for the Systems of Governance remains robust and responsive in the COVID-19 environment. Where required the frequency of reporting and committees have been increased with key metric reporting on solvency and liquidity on up to a daily basis.

3. Risk Profile Impact

We continue to monitor our Risk Profile through the changing external environment. Key risk area impacts are being assessed through Stress and Scenario Testing to assure resilience of the solvency of the company.

4. Impact on the Business

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, local lock-downs, supply chain disruptions, lower consumer demand and general market uncertainty.

The Company has considered the changes that COVID-19 has made to the travel sector in 2020 and the impact on our own performance and strategy in 2020 and the future. The strategy and business model for the Company is unchanged. We receive revenue for providing services to the insurance companies writing policies and for providing support and assistance.

The Company has experienced a reduction in revenue during 2020 as reduced global travel has led to lower assistance case volumes and therefore service fee income. The adverse impact on revenue and a higher expense base through the need to increase temporary headcount to service high claims during the summer, is being managed carefully by the Company and we have taken steps to improve our fee structure arrangement and to reduce the expense base.

There has not been an adverse impact on liquidity caused by COVID-19 and our fee structure and ability to service our clients and settle obligations to stakeholders has not been affected and we have no long-term solvency issues as a result of the pandemic.

We have observed early signs of a global travel recovery, in some sectors, and there are hopes that successful trials of a vaccine may lead to approval and the beginnings of distribution in early 2021. Through further research utilising industry wide expertise and guidance from the International Air Transport Association ("IATA") and noticing borders begin to reopen there is optimism that despite the challenges faced earlier in the year, a recovery period has begun and we are projecting growth in the sector over the coming years. Combined with our low-risk strategy and business model we do not anticipate any longer term adverse impacts on the Company and any negative impact on its strategy.

In summary, although the industry has experienced and may continue to experience volatility due to COVID-19, the strategy of the Company has not changed and we continue to service our clients and provide high-class claims support services. The Company has been proactive in monitoring operational readiness, financial impact and continued customer service excellence.

On behalf of the Board



M Heap
Director
30 November 2020

Directors' Report – for the year ended 30 November 2019

The directors have pleasure in presenting their annual report and the audited financial statements of AIG Travel EMEA Limited for the year ended 30 November 2019.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are listed below. There was no change in the directors during the financial year.

M Heap	Appointed 12 December 2018
J Howard	Appointed 12 December 2018
F O'Neill	Appointed 09 June 2016
J Page	Appointed 07 March 2016
I Robinson	Appointed 12 December 2018
J Rutledge	Appointed 01 May 2006
S Waithe	Appointed 11 December 2014

Dividends

There were no dividends declared or paid in the year (2018: £nil).

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future Developments

The directors aim to maintain the management policies and expect turnover to grow in 2020, and for this growth to increase relative to the cost base leading the company to profitability in future years. Growth is anticipated through organic business opportunities and improved cost efficiency initiatives.

AIG Travel EMEA Limited
Annual Report & Financial Statements for the year ended 30 November 2019

Going Concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the financial strength of the balance sheet and confidence in the growth strategies of the Company such as the full impact of new distribution channels.

The parent company, AIG Travel Inc. has agreed to commit to providing financial support to the Company in the form of cash flow funding of £2.6 million. AIG Travel Inc. has a clear understanding of the strategy and business plan of the Company, including the Company's projected funding requirements for at least the next 12 months and will provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. This financial support will include:

- Not seeking the repayment of amounts advanced to the Company by the Parent and/or other members of the Parent group unless adequate alternative financing has been secured by the Company; and
- Advancing further amounts to the Company as required by the Company.

The parental support, which is supported by a formal undertaking with AIG Travel Inc. will remain in place for the foreseeable future and will not be withdrawn during a period of 12 months from the date of these financial statements.

Events After The Reporting Period

Disclosure on the assessment and potential impact of Coronavirus (COVID-19) on the Company is discussed in the Strategic Report and Note 17.

Financial Risk Management

Details of the financial risk management objectives and policies of the Company and the exposure of the company to financial risks are provided in the strategic report on page 4.

Statement of Disclosure of Information to Auditors

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

- So far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 30 November 2019 of which the auditors are unaware; and
- The directors have taken all steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditors.

On behalf of the Board



M Heap
Director
30 November 2020

Independent auditors' report to the members of AIG Travel EMEA Limited

Report on the audit of the financial statements

Opinion

In our opinion, AIG Travel EMEA Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 November 2019; the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of AIG Travel EMEA Limited (continued)

Report on the audit of the financial statements (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

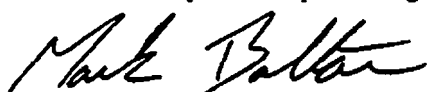
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 November 2020

Statement of Comprehensive Income
For the year ended 30 November 2019

	Note	2019 £	2018 £
Turnover		8,678,167	7,536,966
Cost of sales	2	(4,166,487)	(3,764,818)
Gross Profit		4,511,680	3,772,148
Administrative expenses	3	(5,020,034)	(4,129,635)
Operating loss		(508,354)	(357,487)
Interest receivable and similar income		23,501	32,802
Foreign exchange loss		(2,929)	(48,018)
Impairment charge	9	(300,000)	(352,262)
Loss before taxation		(787,782)	(724,965)
Tax on loss	7	(413,390)	70,283
Loss for the financial year		(1,201,172)	(654,682)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,201,172)	(654,682)

All of the Company's activities arise from continuing operations.

The notes on pages 14 to 22 form an integral part of these financial statements.

AIG Travel EMEA Limited
Annual Report & Financial Statements for the year ended 30 November 2019

Balance Sheet
As at 30 November 2019

	Note	2019 £	2018 £
Fixed Assets			
Tangible assets	8	41,472	53,919
Investment in subsidiary undertaking	9	3,500,000	3,800,000
Total Fixed Assets		3,541,472	3,853,919
Current Assets			
Debtors: amount falling due within one year	10	5,787,287	4,486,663
Cash at bank and in hand		7,685,437	3,592,475
Current Liabilities			
Creditors: amounts falling due within one year	11	(14,114,637)	(7,832,326)
Net Current (Liabilities)/Assets		(641,913)	246,812
Total Assets less Current Liabilities		2,899,559	4,100,731
Capital and Reserves			
Called up share capital	12	13,741,893	13,741,893
Profit and loss account		(10,842,334)	(9,641,162)
Total Shareholders' Funds		2,899,559	4,100,731

The notes on pages 14 to 22 form an integral part of these financial statements.

The Financial Statements on pages 11 to 22 were approved on 30 November 2020 by the Board of Directors and signed on its behalf by:



M Heap
Director
30 November 2020

Statement of Changes in Equity
For the year ended 30 November 2019

	Called up Share Capital £	Profit and Loss Account £	Total Equity £
Balance at 1 December 2017	13,741,893	(8,888,480)	4,756,413
Total comprehensive loss for the year	-	(654,682)	(654,682)
Balance at 30 November 2018	13,741,893	(9,841,162)	4,100,731
Total comprehensive loss for the year	-	(1,201,172)	(1,201,172)
Balance at 30 November 2019	13,741,893	(10,842,334)	2,899,559

The notes on pages 14 to 22 form an integral part of these financial statements.

AIG Travel EMEA Limited
Annual Report & Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

1. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared on the going concern basis and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the financial strength of the balance sheet and confidence in the growth strategies of the Company such as the full impact of new distribution channels.

The parent company, AIG Travel Inc. has agreed to commit to providing financial support to the Company in the form of cash flow funding of £2.6 million. AIG Travel Inc. has a clear understanding of the strategy and business plan of the Company, including the Company's projected funding requirements for at least the next 12 months and will provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. This financial support will include:

- Not seeking the repayment of amounts advanced to the Company by the Parent and/or other members of the Parent group unless adequate alternative financing has been secured by the Company; and
- Advancing further amounts to the Company as required by the Company.

The parental support, which is supported by a formal undertaking with AIG Travel Inc. will remain in place for the foreseeable future and will not be withdrawn during a period of 12 months from the date of these financial statements.

The financial statements have been prepared on the historical cost basis. The financial statements are presented in British Pound Sterling as the assets, liabilities and majority of the Company's transactions are denominated in that currency. The functional currency of the Company is British Pound Sterling.

The Company has taken advantage of section 401 of the Companies Act 2006, which exempts an intermediate parent Company that is a subsidiary of a parent established outside the EEA from the requirement to prepare consolidated financial statements if it is included in the consolidated financial statements of a larger group drawn in a manner equivalent to the consolidated financial statements produced in accordance with the provisions of the Seventh Directive. The financial statements therefore present the information of AIG Travel EMEA Limited as an individual undertaking and not as a group.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions in accordance with paragraph 1.12 of FRS 102:

- From preparing a statement of cash flows
- From disclosing the Company's key management personnel compensation

b) Principal Accounting Policies

A summary of the significant accounting policies is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

AIG Travel EMEA Limited
Annual Report & Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts allowed by the Company and value added taxes. Turnover comprises revenue that is recognised by the Company, in respect of services provided, on an accruals basis. All turnover is generated from the Europe, Middle East and Africa ("EMEA") region.

Turnover is recognised at the inception of the underlying policies when service obligations in respect of policy services are deemed to have been fulfilled.

Interest income is recognised using the effective interest rate method.

Cost of Sales

Cost of sales represents direct costs incurred in generating revenue. These include the salary and communication costs of employees directly involved in the claims handling process. The expense is recognised in the Statement of Comprehensive Income when incurred.

Tangible Fixed Assets and Depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Depreciation is calculated so as to write off the cost of the tangible fixed asset, less its estimated residual value, on a straight line basis over the expected useful economic life of the asset. The useful life used for this purpose:

Computer equipment	36-60 months
Fixtures, fittings and office equipment	120 months

Tangible fixed assets are held at their net realisable value and impairment loss is recognised if the asset's carrying amount is greater than its net realisable value.

Taxation

The charge for tax is based on the results for the year adjusted for disallowable items and items not chargeable to tax. Deferred tax is provided in full on all material timing differences. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is calculated at the enacted or substantially enacted rate. Deferred tax balances are not discounted.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund. Once the contributions have been paid, the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Annual Bonus Plan

The Company operates a bonus plans for employees which is calculated based on individual performance and that of the AIG group. An expense is recognised in the Statement of Comprehensive

AIG Travel EMEA Limited
Annual Report & Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

Income when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Investment in Subsidiary Undertakings

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Cash

Cash and cash equivalents includes cash in hand and deposits repayable on demand, less any overdrafts repayable on demand (if the right to offset exists). Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Debtors

Trade debtors are amounts due from customers for fees charged for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Accrued Income

Accrued income represents revenue earned as a result of obligations being fulfilled but not yet billed at the Balance Sheet date.

Offsetting

The assets and liabilities of the entity are offset when and only when, the entity has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share Capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related Party Transactions

The Company discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company's financial statements.

2. COST OF SALES

	2019 £	2018 £
Travel	19,504	20,255
Staff costs	4,146,983	3,744,563
TOTAL	4,166,487	3,764,818

Cost of sales includes those staff costs incurred to provide the services of the business, there has been an increase during the year which is partly due to the increased headcount required to service the new business with Expedia.

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3. ADMINISTRATIVE EXPENSES

	2019 £	2018 £
Premises	2,352,405	1,919,624
Office supplies	276,882	246,461
Professional fees	692,683	654,623
Depreciation	15,074	18,158
Travel	14,385	20,344
IT	487,246	328,216
Audit fee	13,746	17,880
Staff costs	1,124,008	763,865
Advertising and Sales Promotion	14,017	-
Other expenses	29,588	160,464
TOTAL	5,020,034	4,129,635

Premises costs have increased due to ad hoc maintenance charges incurred during the year. Staff costs have increased due to the headcount increase required to service the new business with Expedia.

4. STAFF COSTS

a. Costs

	2019 £	2018 £
Wages and salaries	4,081,520	3,571,946
Social security costs	380,406	320,463
Other pension costs	367,365	300,610
Other benefits	441,700	315,409
TOTAL	5,270,991	4,508,428

b. Headcount

	2019 Number	2018 Number
Average monthly employee headcount by department		
Operations	98	80
Claims	33	32
Administrative	1	2
TOTAL	132	114

5. DIRECTORS' REMUNERATION

	2019 £	2018 £
Remuneration	129,657	124,065
Company pension contributions to defined contribution pension schemes	10,989	8,040

The highest paid director received remuneration of £129,657 (2018: £124,065). No share option scheme exists in the Company.

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6. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the auditor for the audit of the financial statements	13,746	17,880
TOTAL	13,746	17,880

7. TAX ON LOSS

a. Analysis of tax (charge)/credit in the year

	2019 £	2018 £
Current Tax		
UK corporation tax credit on loss for the year	90,015	67,594
Adjustments in respect of prior periods	(451,774)	(14,548)
Current tax (charge)/credit for the year	(361,759)	53,046
Deferred Tax		
Origination and reversal of timing difference	2,384	2,880
Adjustments in respect of prior periods	(54,015)	14,357
Deferred tax (charge)/credit for the year	(51,631)	17,237
TAX ON LOSS	(413,390)	70,283

b. Factors affecting the tax (charge)/credit in the year

The company's tax assessed is higher (prior year: higher) than the standard rate of corporate tax in the UK of 19% (2018: 19%), details as below:

	2019 £	2018 £
Loss before taxation	(787,782)	(724,965)
Current Tax		
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	149,679	137,743
Effects of:		
Adjustments to tax charge in respect of previous periods	(451,774)	(14,548)
Accelerated capital allowances and other timing differences	(2,665)	(3,220)
Non-taxable losses	(56,999)	(66,929)
Current tax (charge)/credit for the year	(361,759)	53,046
Deferred tax (charge)/credit for the year	(51,631)	17,237
TAX ON LOSS	(413,390)	70,283

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c. Movement in deferred tax asset

	2019 £	2018 £
Opening balance	105,544	88,307
Deferred tax movement in year	(51,631)	17,237
CLOSING BALANCE	53,913	105,544

8. TANGIBLE ASSETS

	Furniture, Fixtures and Fittings £	Computer and Office Equipment £	Total £
<u>Cost</u>			
At 1 December 2018	225,253	288,642	513,895
Additions	-	2,627	2,627
At 30 November 2019	225,253	291,269	516,522
<u>Accumulated depreciation</u>			
At 1 December 2018	171,334	288,642	459,976
Depreciation charge for the year	12,802	2,272	15,074
At 30 November 2019	184,136	290,914	475,050
<u>Net Book Value</u>			
At 30 November 2018	53,919	-	53,919
At 30 November 2019	41,117	355	41,472

9. INVESTMENT IN SUBSIDIARY UNDERTAKING

	2019 £	2018 £
At cost		
At 1 December	3,800,000	4,152,262
Impairment	(300,000)	(352,262)
CLOSING BALANCE	3,500,000	3,800,000

The impairment charge has been assessed against the principal of value in use and based on the net asset position of AIG Travel Europe Limited at the year end date of 30 November 2018 and 2019. The investment in subsidiary is held at realisable value.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Amounts falling due within one year		
Trade debtors	559,570	85,314
Amounts owed by group undertakings	3,979,620	4,085,864
Other debtors	-	164
Deferred tax	53,914	105,544
Tax receivable	(84,677)	(612,969)
Prepayments and accrued income	1,278,860	822,746
CLOSING BALANCE	5,787,287	4,486,663

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Included in 'Amounts owed by group undertakings' are balances owed by AIG companies for the payment of claims and provision of assistance services and loans. The balance from Treasury Loan amounted to £1,599,412 in 2019 and £2,657,614 in 2018.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Amounts falling due within one year		
Trade Creditors	2,068,948	2,146,999
Amounts owed to group undertakings	9,832,768	4,881,183
Other creditors	199,002	227,590
Accruals and deferred income	2,013,919	576,554
CLOSING BALANCE	14,114,637	7,832,326

The main increase is due to an increase in client float balances, in particular funds received to service the Expedia program. In addition to this intercompany amounts owed at year end was much higher than in the previous year.

12. CALLED UP SHARE CAPITAL

Allocated, issued and fully paid up ordinary shares	Number	£
At 30 November 2018 - shares of £1 each	13,741,893	13,741,893
At 30 November 2019 - shares of £1 each	13,741,893	13,741,893

13. 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 £367,365 (2018: £300,610).

14. CAPITAL AND OTHER COMMITMENTS

The Company had no off-balance sheet arrangements and no capital or other commitments at 30 November 2019 (2018: £nil).

15. RELATED PARTY TRANSACTIONS

Transactions with entities controlled by the ultimate parent entity are considered to be transactions with related parties. The following related party balances are disclosed in the Balance Sheet as of 30 November 2018 and as of 30 November 2019.

a. Receivables

	2019	2018
	£	£
Intercompany accounts receivable balance	3,979,620	1,504,396
CLOSING BALANCE	3,979,620	1,504,396

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been received. No provisions have been made for doubtful debts in respect of amounts owed by related parties in the financial year 2019 (2018: none).

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b. Deposits

	2019	2018
	£	£
On deposit with AIG Transaction Execution Limited	1,599,412	2,657,614
CLOSING BALANCE	1,599,412	2,657,614

The Company entered into a deposit agreement with AIG Transaction Execution Limited. The Company was in a lending position throughout the financial years presented. The interest rate applied equals to the overnight LIBOR minus 12.5 basis points which is considered to be a market rate.

c. Payables including Float Balances

	2019	2018
	£	£
Intercompany accounts payable balance	4,808,229	1,889,426
Float deposit balances owed to intercompany customers	5,024,539	2,991,757
CLOSING BALANCE	9,832,768	4,881,183

d. Other Disclosures

During the financial year ended 30 November 2019 the Company generated turnover in the amount of £5,915,020 (2018: £6,462,630) with AIG companies. This represents 67% of the total turnover (2018: 86%). AIG Travel Europe Limited recharged premises related and postage services in the amount of £742,962 (2018: £393,595). American International Group UK Limited charged £17,543 as central HR service allocation and accounting centre fee (2018: £137,064 from AIG Europe Limited).

There were not any events or transactions occurred in the years presented which the management considers to be outside the normal day-to-day business operation or which were carried out on non-market terms. The remuneration of key management personnel is set out under Note 4. Key management personnel include the Board of Directors. No loans or advance payments were granted to the members of the Board of Directors and the Company did not enter into any guarantees in their names.

16. ULTIMATE PARENT COMPANY

The ultimate parent undertaking and controlling party is AIG Inc. a Company incorporated in the State of Delaware, United States of America. AIG Inc. is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 November 2019. The consolidated financial statements of AIG Inc. are available from the Company Secretary, AIG, 175 Water Street, New York 10038. The immediate parent undertaking of the Company is AIG Travel Assist Inc.

17. EVENTS AFTER THE REPORTING PERIOD

COVID-19 CORONAVIRUS

The UK government released an action plan on 3 March 2020, giving a guide of what to expect in the UK if the COVID-19 outbreak continued and the overall phases of their plan to respond to the COVID-19 outbreak. Following on from the reporting date of this document, 30 November 2019, AIG has been proactive in monitoring operational readiness, financial impact and continued customer service excellence.

Given the rapidly developing situation, we have included an initial assessment on the impact of COVID-19 with respect to the following key areas; business continuity and operations, systems of governance, risk profile and impact on the business.

Notes to the Financial Statements for the year ended 30 November 2019

1. Business Continuity and Operations

Business continuity plans are currently in place within the UK and in all regions around the world. AIG is closely following developments and advisories from the UK Government; the Centres for Disease Control and Prevention ("CDC") as well as the World Health Organization ("WHO"). As of 17 March 2020, all AIG UK employees have been asked to work from home and this has been achieved with no serious issues identified impacting our business operations.

IT is monitoring network traffic and has delivered full network availability and functionality for our IT systems. To date no major application issues have been encountered, but minor issues are being reviewed and addressed as required. Third party performance is being monitored and any issues are escalated to their representatives in a timely manner. No major issues have been identified which would jeopardise our critical business functions.

2. Systems of Governance

The infrastructure and framework for the Systems of Governance remains robust and responsive in the COVID-19 environment. Where required the frequency of reporting and committees have been increased with key metric reporting on solvency and liquidity on up to a daily basis.

3. Risk Profile Impact

We continue to monitor our Risk Profile through the changing external environment. Key risk area impacts are being assessed through Stress and Scenario Testing to assure resilience of the solvency of the company.

4. Impact on the Business

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, local lock-downs, supply chain disruptions, lower consumer demand and general market uncertainty.

The Company has considered the changes that COVID-19 has made to the travel sector in 2020 and the impact on our own performance and strategy in 2020 and the future. The strategy and business model for the Company is unchanged. We receive revenue for providing services to the insurance companies writing policies and for providing support and assistance.

The Company has experienced a reduction in revenue during 2020 as reduced global travel has led to lower assistance case volumes and therefore service fee income. The adverse impact on revenue and a higher expense base through the need to increase temporary headcount to service high claims during the summer, is being managed carefully by the Company and we have taken steps to improve our fee structure arrangement and to reduce the expense base.

There has not been an adverse impact on liquidity caused by COVID-19 and our fee structure and ability to service our clients and settle obligations to stakeholders has not been affected and we have no long-term solvency issues as a result of the pandemic.

We have observed early signs of a global travel recovery, in some sectors, and there are hopes that successful trials of a vaccine may lead to approval and the beginnings of distribution in early 2021. Through further research utilising industry wide expertise and guidance from the International Air Transport Association ("IATA") and noticing borders begin to reopen there is optimism that despite the challenges faced earlier in the year, a recovery period has begun and we are projecting growth in the sector over the coming years. Combined with our low-risk strategy and business model we do not anticipate any longer term adverse impacts on the Company and any negative impact on its strategy.

In summary, although the industry has experienced and may continue to experience volatility due to COVID-19, the strategy of the Company has not changed and we continue to service our clients and provide high-class claims support services. The Company has been proactive in monitoring operational readiness, financial impact and continued customer service excellence.