Flight Centre (UK) Limited

Annual report and financial statements for the year ended 30 June 2019

Registered number: 02937210

Annual report and financial statements for the year ended 30 June 2019
Contents

Directors

G Turner
C Galanty

Company Secretary
A Murray

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Independent Auditor
Ernst & Young LLP
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London
SE1 2AF

Registered Number
02937210

The board has pleasure in presenting the strategic report of Flight Centre (UK) Limited for the year ended 30 June 2019.

Principal activities and business review

The Company's principal activity continued to be that of a retailer of domestic and international travel and the provision of travel management services.

In the opinion of the directors the Company performed well in the financial year, delivering record results in both total transactional value (TTV) and profit before tax. This has been achieved in a year where the UK market has seen several challenges. Whilst there has been continued uncertainty around the finalisation of a Brexit deal and potential impacts for our corporate customers and broader consumer confidence, this has not obviously impacted our ability to grow. The continued IATA driven initiative to establish New Distribution Capability (NDC) across the industry has presented many challenges for the industry, specifically in relation to availability of airline content for agents and ability to provide seamless and efficient experiences for customers. The Company has invested considerable time and resources to work with our partners in the end to end booking process to ensure continuity of service to its customers. Despite these factors, growth has been strong, resulting in increased profitability. The largest growth in TTV has been seen in our Corporate Division. This reflects the continued focus and investment in our Corporate technology product and B2B marketing. The largest growth has been in our multinational and global division, but strong growth has also been achieved in the SME sector. These two Corporate sectors remain a key focus of the Company. The Company's Leisure focus has been the continued repositioning of the red and white FCB brand, increasing its specialisation in long-haul tailormade holidays. As a consequence there has been a decline in flight only TTV.

Productivity improvement across all Divisions continues to be a priority and this year significant gains have been delivered, through automation. This has resulted in maintaining the Company's overall cost base at last year's levels, whilst continuing to grow TTV and invest in our customer products.

Principal risks and uncertainties

The board and senior executives consider the principal risks and uncertainties affecting the Company to fall under the following categories. The risk factors should not be regarded as a full and comprehensive statement of all potential risks that might impact the Company's performance. The Company maintains an active risk register which is regularly reviewed by senior local management and is additionally reported to the Flight Centre Travel Group Limited board.

Trading risks

Events outside the board's control include acts of terrorism, international wars, earthquakes and other natural disasters. Such events would have an adverse impact on the Company's trading position. The board recognises that it cannot mitigate specifically against these acts. However, the Company's continuing broad product offering, through its portfolio of trading brands, in terms of customer experience and destination, can help to reduce the impact of these risks. In addition, as an agent for the majority of products rather than a principal, the Company is able to avoid risks and liabilities in relation to destination and product type commitments, unlike a traditional tour operator.

Competition

The Company faces competition from a wide range of travel companies due to its broad travel offering. Such competition can adversely impact market share, margins and ultimately profit. The Company looks to mitigate this risk by undertaking frequent reviews of pricing, product and service offerings to ensure competitiveness and by differentiating itself from the competition through the high levels of customer service and product understanding it can offer through all its brands. The corporate travel market is witnessing more and more technology based disruptors entering the market place. In response the Company and its parent company continue to increase their investment in technology to compliment the people to people offering at the core of its success.

Due to the Company's commitment to an offline retail offering, the increasing desire for customers to book travel online is often seen to pose a risk to the Company's market share and margins. The Company continually reviews its online strategy to ensure that it reflects the changing needs of its customers and how they choose to purchase travel. The Company's offline offering provides our customers with a high touch, enriched booking experience specifically suited to complex travel arrangements. The Company will continue to invest in a multi-channel offering for its customers to meet the booking channel preferences of all customers. The Company continues to ensure that its websites strongly communicate to its customers the offerings and benefits available through dealing directly with its travel consultants in its high street stores or over the phone. The Company continues to invest in its high street stores to ensure that they remain relevant to its customers and represent a desirable retail experience.

Financial review and key performance indicators

The Company's objectives are set annually and its progress monitored by the board of directors and senior executives. A number of key performance indicators are used as part of this process to track performance on a monthly basis. Listed below are the key performance indicators used to track performance year on year.

Comparative amounts for 30 June 2018 presented below have been restated due to the adoption of new accounting standards and interpretations as disclosed in note 2(p) of these financial statements.

Total transactional value £'000

2019	£1,214,207
2018	£1,166,096
% Variance	4.1% increase

Total transactional value represents the price at which travel products and services have been sold and is stated net of VAT. This represents the total turnover value of the Company and is deemed a key indicator of business performance.

This year's performance represents yet another record year. The year on year growth delivered this year has been driven by our Corporate divisions. TTV from our Corporate brands now represents over 70% of the total TTV. The focus will be to grow such turnover more rapidly than that of Leisure, however growth across all divisions remains central to the Company's future plans.

Total revenue £'000

2019	£263,682
2018	£271,205
% Variance	2.8% decrease

Revenue growth is slower than TTV growth, due in the main to growing lower margin brands at a faster rate. Pressure remains in all brands to deliver more cost effective travel solutions. However the transition in Leisure to more focus on long-haul tailormade holidays is helping to offset the significantly lower margins that can be achieved in the large market travel management sector.

Gross profit £'000

2019	£177,346
2018	£178,548
% Variance	0.7% decrease

Gross profit decrease is lower than the decrease in revenue due to higher margins achieved on long-haul tailormade holidays.

Profit before income tax £'000

2019	£28,420
2018	£26,767
% Variance	6.2% increase

The profit increase this year has been achieved through the continued growth of TTV whilst being able to maintain the cost base at last year's levels. This has been achieved through investment and realisation of productivity gains.

Average consultant numbers

2019	1,167
2018	1,273
% Variance	8.3% decrease

Average consultant numbers represent the number of full time equivalent sales consultants in the financial year.

The reduction in consultant numbers has been in our Leisure division. This has been possible though the delivery of several key product initiatives, whilst maintaining our existing physical footprint. Equally investments in automation for the Corporate division have meant that Corporate TTV has been able to grow without adding any additional consultants.

Financial review and key performance indicators (continued)

Average shop and branch numbers

2019	264
2018	291
% Variance	9.3% decrease

The Company has a number of locations where multiple teams operate within a single location. Each of these teams is treated as a separate retail shop or corporate branch.

Average shop and branch numbers represents the average of the number of teams at the end of each month in the financial year.

The majority of this reduction has come through the consolidation of Retail teams, whilst not significantly reducing the number of physical trading locations. This has been possible as a result of realised productivity gains.

Future developments

The current five year business plan sets out a goal of achieving £2 billion TTV by 2022. This will be achieved through the growth of both the Retail and Corporate divisions. There will be a continued focus on driving consultant productivity, with investment in internal systems and technology. The Retail division will continue to invest in the repositioning of the FCB brand as a long-haul tailormade holidays specialist. This will see increased investment in marketing and brand awareness. The current refurbishment cycle of its high street shops will be completed in the next 12 months. The Corporate division will continue to invest in its customer technology offerings across all its Corporate brands, with the next year seeing the launch of a new digital platform for the FCBT brand.

By order of the board

A Murray
Company secretary
17 December 2019

The board has pleasure in presenting the directors' report and audited financial statements of Flight Centre (UK) Limited for the year ended 30 June 2019.

Results and dividends

The trading results for the financial year and the Company's financial position at the end of the financial year are shown in the strategic report and the financial statements. No dividend was paid for the year ended 30 June 2019 (2018: nil). Subsequent to the year end, on 28 August 2019, the Company declared and paid a dividend of £25,000,000 to its shareholder.

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate without changes to its current financing structure.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing its financial statements.

Directors

The directors who held office during the financial year and up to the date of signing these financial statements are given on page 1.

Directors' indemnities

Flight Centre Travel Group Limited, the Company's ultimate parent undertaking and controlling party, maintains liability insurance for the Company's directors and officers.

Employees and equal opportunities

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour or disability. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled, the Company continues employment either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The Company conducts an annual employee survey to gauge employee engagement with the Company and ascertain levels of motivation, contentment, quality of leadership, systems and levels of reward. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its success. The Company encourages the involvement of employees by means of standard communication systems, which stipulate that leaders at all levels should have regular one to one meetings with their staff as well as weekly business meetings with their teams. Furthermore, leaders at all levels within the Company publish regular newsletters on the Company's intranet which keep all readers informed on current developments within their respective areas.

Policy on financial risk management

The Company's policy on financial risk management is continually reviewed throughout the financial year to ensure it is current and appropriate. The senior management team jointly have responsibility for this. Further details on the Company's management of this risk can be found in note 21.

Political donations

No political donations were made in either the current or prior periods.

Statement of directors' responsibilities

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 International Financial Reporting Standards (IFRSs), as adopted by the European Union. 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 International Financial Reporting Standards (IFRS), as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; 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.

Statement on disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. Each of the directors has taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

A Murray
Company secretary
17 December 2019

Opinion
We have audited the financial statements of Flight Centre (UK) Limited for the year ended 30 June 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

• give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
• have been properly prepared in accordance with IFRSs as adopted by the European Union; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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 other information comprises the information included in the strategic report and the directors' report set out on pages 2 to 6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

• the information given in the strategic report and 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 the applicable legal requirements.

Matters on which we are required to report by exception

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

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

• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

• the financial statements are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

JI Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
17 DECEMBER 2019

Flight Centre (UK) Limited
Statement of comprehensive income
for the year ended 30 June 2019

	Notes	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated
Revenue			
Total revenue	5	**263,682**	271,205
Cost of sales	6	**(86,336)**	(92,657)
Gross profit		**177,346**	178,548
Operating expenses	6	**(151,272)**	(153,440)
Operating profit		**26,074**	25,108
Finance income	8	**2,484**	1,775
Finance costs	8	**(138)**	(116)
Profit before income tax		**28,420**	26,767
Income tax expense	9	**(5,059)**	(5,255)
Profit and total comprehensive income for the year		**23,361**	21,512

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Items in the statement above are all derived from continuing activities.

Flight Centre (UK) Limited
Statement of financial position
as at 30 June 2019

	Notes	**30-Jun 2019 £'000**	30-Jun 2018 £'000 As restated	30-Jun 2017 £'000 As restated
ASSETS				
Non-current assets				
Property, plant and equipment	10	**10,556**	11,860	12,265
Intangible assets	11	**5,372**	5,743	5,154
Investment in subsidiaries	12	**291**	291	291
Deferred income tax assets	13	**2,854**	2,310	1,650
Trade and other receivables	14	**58,041**	42,817	38,024
Total non-current assets		**77,114**	63,021	57,384
Current assets				
Trade and other receivables	14	**118,136**	116,323	109,000
Cash and cash equivalents	15	**88,912**	77,365	77,974
Total current assets		**207,048**	193,688	186,974
Total assets		**284,162**	256,709	244,358
LIABILITIES				
Non-current liabilities				
Trade and other payables	16	**4,595**	4,661	9,983
Provisions for other liabilities and charges	17	**479**	486	504
Total non-current liabilities		**5,074**	5,147	10,487
Current liabilities				
Trade and other payables	16	**148,933**	144,994	149,793
Current income tax liabilities		**2,932**	2,706	1,728
Total current liabilities		**151,865**	147,700	151,521
Total liabilities		**156,939**	152,847	162,008
Net assets		**127,223**	103,862	82,350
EQUITY				
Called up share capital	19	**4,604**	4,604	4,604
Share premium account		**4,674**	4,674	4,674
Capital reserve		**(578)**	(578)	(578)
Retained earnings		**118,523**	95,162	73,650
Total equity		**127,223**	103,862	82,350

The notes on pages 13 to 43 form part of these financial statements.

The financial statements which were approved by the board of directors on 17 December 2019 and were signed on its behalf by:

C Galanty
Director

Registered number 02937210

	Notes	Called up share capital	Share premium account	Capital reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000
Balance as at 30 June 2017 (as previously stated)		4,604	4,674	(578)	76,542	85,242
Adjustment for adoption of new accounting standards	2(p)	-	-	-	(2,430)	(2,430)
Tax effect on adjustment for adoption of new accounting standards	2(p)	-	-	-	(462)	(462)
Balance as at 30 June 2017 (as restated)		4,604	4,674	(578)	73,650	82,350
Profit for the year (as restated)		-	-	-	21,512	21,512
Total comprehensive income (as restated)		-	-	-	21,512	21,512
Balance as at 30 June 2018 (as restated)		**4,604**	**4,674**	(578)	**95,162**	**103,862**
Profit for the year		-	-	-	23,361	23,361
Total comprehensive income		-	-	-	23,361	23,361
Balance as at 30 June 2019		**4,604**	**4,674**	**(578)**	**118,523**	**127,223**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

The capital reserve represents the excess of the costs of investment over the identified assets and liabilities transferred by subsidiary companies as part of group restructurings.

Flight Centre (UK) Limited
Statement of cash flows
for the year ended 30 June 2019

	Notes	30-Jun 2019 £'000	30-Jun 2018 £'000
Cash flows from operating activities			
Cash generated from operations	7	**20,149**	9,578
Interest received		**368**	326
Income tax paid		**(5,377)**	(4,936)
Net cash generated from operating activities		**15,140**	4,968
Cash flows from investing activities			
Purchase of intangible fixed assets	11	**(530)**	(1,464)
Purchase of property, plant and equipment	10	**(3,063)**	(4,113)
Net cash flow used in investing activities		**(3,593)**	(5,577)
Net increase / (decrease) in cash and cash equivalents		**11,547**	(609)
Cash and cash equivalents brought forward		**77,365**	77,974
Cash and cash equivalents carried forward	15	**88,912**	77,365

The notes on pages 13 to 43 form part of these financial statements.

1 General information

The financial statements of Flight Centre (UK) Limited ('the Company' hereon) for the year ended 30 June 2019 were authorised for issue by the board of directors on 17 December 2019 and signed on its behalf by C Galanty.

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is Level 6, CI Tower, St Georges Square, High Street, New Malden, Surrey, KT3 4TE.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated and include the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts as described in note 2(p).

All amounts within these financial statements have been presented to the nearest thousand unless otherwise indicated.

Statutory base

Flight Centre (UK) Limited is a company registered under the Companies Act 2006.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Group financial statements

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Flight Centre Travel Group Limited, a company incorporated in Australia, details of which are in note 24, and is included in the consolidated financial statements of that company.

(b) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

(ii) Monetary assets and liabilities

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(c) Revenue recognition

Revenue comprises the fair value for the sale of domestic and international travel, as well as other goods and services, net of Value Added Tax ('VAT'), rebates and discounts. Revenue is recognised as follows:

(i) Revenue from travel services

Principal revenue from the provision of travel

Revenue is generated when the Company, acting as principal, develops and offers products in its Retail and Corporate business for which the Company is principal.

Where the Company acts as a principal, revenue represents the full total transactional value of holidays and flights, net of any related value added taxes. Total transactional value represents the price at which travel products and services have been sold, plus revenue from other sources, and is stated net of value added tax. Revenue from these sales is recorded over time, when the performance obligation has been satisfied, on a percentage of completion method based on the total number of travel days. Revenue and related costs are held as deferred income and prepayments respectively in the statement of financial position until the travel days are complete, being the return date.

Agency revenue from the provision of travel

Revenue is generated when the Company, acting as an agent, arranges and books travel and travel related products to be provided by suppliers to Retail and Corporate consumers. The supplier of the travel products is the principal in the travel sales transaction. From the Company's perspective (under IFRS 15), the supplier of the travel products is the customer in the agency relationship.

Where the Company acts as an agent, revenue represents commission earned on flight, hotel, package and other travel-related sales. Revenue from the sale of travel services as agent is recorded when all customer monies relating to each sale have been received or invoiced and all obligations on the Company to fulfil the booking have been met, as this is when the performance obligation is satisfied. Revenue not generated directly from the issuing of travel documents is recognised in accordance with contractual agreements.

(ii) Supplier incentives and lump-sum revenue

From time-to-time, incentives or lump sum amounts are received from suppliers. The supplier of the travel products is the customer in the agency relationship under IFRS 15. The recognition pattern is dependent on the specific terms of each contract. The revenue is only recognised upfront where there has been a distinct service transferred upfront, otherwise it is recognised over the term of the contract in line with the delivery of the performance obligation. The revenue can be either fixed or variable and is constrained where contract terms require the supplier to be refunded in part or full upon termination of the contract.

Associated contract costs may be eligible for capitalisation as fulfilment assets and amortised over the same period.

Lump sum deferred revenue is recognised over the contract terms which typically range between 1 to 3 years.

2 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(iii) Revenue from events management services

For event management services, where events have a life cycle from acceptance (budget approval) to event of four months or more and the likely revenues can be reliably estimated, the Company recognises revenue based on the stage of completion of the event, being the period over which the performance obligation is satisfied.

(iv) Other revenue

Other revenue consists of non-travel related supplies and management fees received from group entities for administrative services provided. Other revenue is recognised over time as the services are provided, being the period over which the performance obligation is satisfied. Where rebates are received from non-travel category supplies, revenue is recognised as per the contract year and matched to the period of performance. Where volume targets and associated rebate tiers exist, estimates of the full contract value are made and apportioned to the periods based on performance.

Management fee income is recognised in the period of services provided. Main management fees are agreed between the parties at the beginning of the period and charged accordingly.

(d) Income tax

The income tax expense for the period is the total of the current period's taxable income based on the income tax rate, any prior years' under/over provisions, and movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2 Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Client cash represents amounts from customers held before release to service and product suppliers.

(g) Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

(h) Financial assets

The Company applies the requirements of IFRS 9 Financial Instruments (IFRS 9) to its financial assets since its adoption of IFRS 9 on 1 July 2018 (*refer note 2(p)*).

Classification

Financial assets are classified in the following categories: financial assets at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the assets were acquired.

Amortised cost - Applies to instruments which are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

FVTPL - Applies to instruments which are within a business model where the objective is neither to hold to collect contractual cash flows nor hold to sell.

FVOCI - Applies to instruments which satisfy the requirements of the business model test and contractual cashflow test.

Management classifies its financial assets at initial recognition and re-evaluates this classification each reporting date.

(i) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a customer with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Financial assets at amortised cost are carried at amortised cost using the effective interest method and are included in receivables in the statement of financial position.

(ii) Impairment - expected credit losses

The Company applies both the general and simplified approach to the measurement of expected credit losses (ECLs). Under the general approach the Company applies a three stage model for measuring ECLs based on changes in credit quality since initial recognition including:

- Stage 1: 12 month ECL - Recognised on "good" exposures where there has not been a significant increase in credit risk since initial recognition, the loss represents the probability of default from events that are possible over the next 12 months and not the cash flows the Company expects to lose over that period.

- Stage 2: Lifetime ECL - Where there has been a significant increase in credit risk since initial recognition however default has not yet occurred, the loss represents the credit losses expected over the remaining life of the asset.

- Stage 3: Lifetime ECL (credit impaired) - Financial asset becomes credit impaired as a result of an event which has had a detrimental impact on future cash flows.

2 Summary of significant accounting policies (continued)

(h) Financial assets (continued)

(ii) Impairment - expected credit losses (continued)

The Company assesses the credit risk and probability of default of financial assets by reference to external rating agencies where available on an asset by asset basis. The Company has determined a financial asset has low credit risk when it is equivalent to an investment grade quality. Where forward looking information is not available, the Company applies the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due (entry into stage 2: Lifetime ECL) and, when contractual payments are greater than 90 days past due, the asset is credit impaired (entry into stage 3: Lifetime ECL).

For trade receivables, contract assets and lease receivables which do not contain a significant financing component, IFRS 9 offers a policy choice between the application of the general model, as detailed above, or a simplified approach. Under the simplified approach, the tracking of changes in credit risk is not required, but instead requires the recognition of lifetime ECLs at all times and allows the use of a provision matrix, incorporating the probability of default, as a practical expedient. The Company has elected the simplified approach for trade and override receivables.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured. The amounts are initially recognised at fair value and subsequently held at amortised cost.

(j) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques.

(k) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition and installation of items for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- fixtures and fittings	2 - 7 years
- other property, plant and equipment	3 - 20 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing asset proceeds with carrying amounts. These are included in the statement of comprehensive income within operating expenses.

2 Summary of significant accounting policies (continued)

(l) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets at the date of acquisition and is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or immediately if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

(ii) Computer software
Software costs have a finite useful life. Capitalised software is amortised using the straight-line method and written off over the useful economic life of 3 years.
Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that are forecast to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(iii) Other intangible assets
These amounts represent decommissioning assets. The present value of the dilapidation costs associated with the fitout of new locations are capitalised in line with IAS 16 Property, Plant and Equipment and amortised over the life of the lease.

(m) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Employee benefits

Liabilities for wages and salaries, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions are recognised in the statement of comprehensive income. See note18 for costs associated with this scheme.

(o) Royalties

Royalties are recognised in accordance with the relevant licence agreements each period. Any differences between the estimated and actual royalties are adjusted for in the following year.

2 Summary of significant accounting policies (continued)

(p) Changes in accounting policy and disclosures

(i) New and amended accounting standards and interpretations
New standards impacting the Company that have been adopted in the annual financial statements for the year ended 30 June 2019, and which have given rise to changes in the Company's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9); and
- IFRS 15 Revenue from Contracts with Customers (IFRS 15).

IFRS 9 Financial Instruments
IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification, measurement and derecognition of financial assets and financial liabilities, sets out new rules for hedge accounting, and introduces a new expected-loss impairment model. The effective date of IFRS 9 was 1 July 2018.

The impact of the adoption of IFRS 9 has been applied retrospectively. The adoption of IFRS 9 has had the following impacts on the classification and measurement of financial assets and financial liabilities:

Financial assets
The following summarises the key changes to financial assets under IFRS 9 applicable to the Company:
• The available-for-sale and loans and receivables financial asset categories were removed.

• A new classification of measured at fair value through other comprehensive income (FVOCI) was introduced. This category applies to debt instruments which satisfy the requirements of the business model test and contractual cashflow test. It also applies to some held for trading financial assets whereby the FVOCI election was made.

• A new classification of measured at fair value through profit or loss (FVTPL) was introduced. This category applies to debt instruments which are neither held to collect contractual cash flows nor held to sell. Although sales can occur it's deemed incidental to achieving the business model objectives.

• IFRS 9 introduces an expected loss model to replace the incurred loss model under IAS 39 for financial assets measured at amortised cost or FVOCI as detailed in note 2(h)(ii).

Financial liabilities
The classification of financial liabilities has remained relatively consistent and continues to be measured at either amortised cost or FVTPL.

There has been no change to the carrying value of the Company's financial assets or financial liabilities as a result of the classification of financial instruments under IFRS 9. Previously, trade receivables, amounts owed by group undertakings and cash and cash equivalents were categorised as loans and receivables. Under IFRS 9, these are all classified as financial assets at amortised cost with no change in measurement. Similarly, trade and other payables, amounts owed to group undertakings and provisions for other liabilities and charges were categorised as other financial liabilities. Under IFRS 9, these are all classified as financial liabilities at amortised cost with no change in measurement.

2 Summary of significant accounting policies (continued)

(p) Changes in accounting policy and disclosures (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and replaces previous revenue recognition requirements set out in IAS 18. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company adopted IFRS 15 from 1 July 2018 using the full retrospective method of adoption with comparatives restated for the financial year ended 30 June 2018. The Company did not apply any of the available optional practical expedients.

Adjustments recognised on adoption of IFRS 9 and IFRS 15

The following tables show the adjustments recognised for each individual line item in respect of both IFRS 9 and IFRS 15.

Statement of comprehensive income for the year ended 30 June 2018

	Notes	30 June 2018 as originally presented £'000	IFRS 9 adjustments £'000	IFRS 15 adjustments £'000	30 June 2018 as restated £'000
Revenue	*(A), (B(i)), (B(ii))*	265,057	-	6,148	271,205
Cost of sales	*(A), (B(ii))*	(86,794)	-	(5,863)	(92,657)
Gross profit		178,263	-	285	178,548
Operating expenses	*(A), (C)*	(154,678)	(118)	1,356	(153,440)
Operating profit		23,585	(118)	1,641	25,108
Finance income		1,775	-	-	1,775
Finance costs		(116)	-	-	(116)
Profit before income tax		25,244	(118)	1,641	26,767
Income tax expense	*(D)*	(4,965)	22	(312)	(5,255)
Profit and total comprehensive income for the year		20,279	(96)	1,329	21,512

2 Summary of significant accounting policies (continued)

(p) Changes in accounting policy and disclosures (continued)

Statement of financial position as at 30 June 2017

	Notes	30 June 2017 as originally presented £'000	IFRS 9 adjustments £'000	IFRS 15 adjustments £'000	30 June 2017 as restated £'000
ASSETS					
Non-current assets		57,384	-	-	57,384
Current assets					
Trade and other receivables	*(A), (C)*	106,946	(466)	2,520	109,000
Cash and cash equivalents		77,974	-	-	77,974
Total assets		242,304	(466)	2,520	244,358
LIABILITIES					
Non-current liabilities		10,487	-	-	10,487
Current liabilities					
Trade and other payables	*(A)*	145,309	-	4,484	149,793
Current income tax liabilities	*(D)*	1,266	89	373	1,728
Total liabilities		157,062	89	4,857	162,008
NET ASSETS		85,242	(555)	(2,337)	82,350
EQUITY					
Share capital		4,604	-	-	4,604
Share premium account		4,674	-	-	4,674
Capital reserve		(578)	-	-	(578)
Retained earnings	*(A), (C), (D)*	76,542	(555)	(2,337)	73,650
		85,242	(555)	(2,337)	82,350

Statement of financial position as at 30 June 2018

	Notes	30 June 2018 as originally presented £'000	IFRS 9 adjustments £'000	IFRS 15 adjustments £'000	30 June 2018 as restated £'000
ASSETS					
Non-current assets		63,021	-	-	63,021
Current assets					
Trade and other receivables	*(A), (C)*	115,191	(584)	1,716	116,323
Cash and cash equivalents		77,365	-	-	77,365
Total assets		255,577	(584)	1,716	256,709
LIABILITIES					
Non-current liabilities		5,147	-	-	5,147
Current liabilities					
Trade and other payables	*(A)*	142,955	-	2,039	144,994
Current income tax liabilities		1,954	111	641	2,706
Total liabilities		150,056	111	2,680	152,847
NET ASSETS		105,521	(695)	(964)	103,862
EQUITY					
Share capital		4,604	-	-	4,604
Share premium account		4,674	-	-	4,674
Capital reserve		(578)	-	-	(578)
Retained earnings	*(A), (C), (D)*	96,821	(695)	(964)	95,162
		105,521	(695)	(964)	103,862

2 Summary of significant accounting policies (continued)

(p) Changes in accounting policy and disclosures (continued)

The nature of the adjustments presented in the tables above are described as follows:

(A) Principal vs agent presentation
Under IFRS 15 there is more detailed guidance on identifying performance obligations. From time-to-time the Company develops and offers products in its Retail and Corporate business or other business which are principal in nature. The Company has historically recognised, measured and disclosed revenue according to whether the Company has acted as an agent or a principal. However, the timing of recognition of revenue under IFRS 15 requires that principal revenue should be recognised over time as the performance obligation is satisfied. The Company previously deferred all principal revenue for which the departure date had not yet occurred. Under IFRS 15, a percentage of completion model is applied based on the total number of travel days. As a result, deferred revenue has increased by £2,039,000 (30 June 2017: £4,484,000) resulting in a decrease in revenue of £2,446,000 for 2018 and prepaid cost of sales have increased by £1,716,000 (30 June 2017: £2,520,000) resulting in a decrease in cost of sales of £804,000 for 2018 for travel dates that depart pre-year end but only return post-year end.

(B) The adoption of IFRS 15 has resulted in some reclassifications as follows:
(i) The presentation of merchant service fees incurred in providing travel agency services of £1,356,000 being shown net against revenue, which was previously shown gross in other expenses.

(ii) The presentation of management fee income received from Flight Centre (UK) Wholesale Limited of £81,646,000 being disclosed gross in revenue, of which £5,059,000 relating to principal purchases was previously shown net within cost of sales and £76,587,000 relating to agency purchases was previously disclosed within agents commission in revenue.

(C) Application of the expected credit loss model in accordance with IFRS 9
The recognition of lifetime expected credit losses on trade and other receivables has resulted in an additional provision against bad debts of £584,000 (30 June 2017: £466,000) being recognised, resulting in an increase in operating expenses of £118,000 for 2018.

(D) Income tax expense
The above adjustments have increased the current income tax liabilities for the year ended 30 June 2018 by £752,000 (30 June 2017: £462,000) resulting in an increase in current income tax expense of £290,000 for 2018, due to the increased profit before tax.

Cash flows from operating activities for the year ended 30 June 2018 have been restated for the above adjustments as appropriate.

2 Summary of significant accounting policies (continued)

(p) Changes in accounting policy and disclosures (continued)

(ii) Interpretations and revised standards that are not yet effective and have not been early adopted by the Company

The following standards and interpretations to existing standards have been published that are mandatory for the Company's future accounting but which the Company has not adopted early. Management has not yet fully assessed the impact of these new standards and interpretations on the financial statements.

IFRS 16 Leases - 1 January 2019

IFRS 16 Leases will replace existing accounting requirements for leases, including those as set out in IAS 17 Leases. The standard comes into effect on 1 January 2019. This means it will be applied to the reporting period ending 30 June 2020, with the comparative period ending 30 June 2019. The Company did not adopt the standard before its operative date.

Under IFRS 16 Leases, the Company's accounting for operating leases as a lessee will result in the recognition of a right of use (ROU) asset and an associated lease liability on the statement of financial position. The lease liability is equal to the net present value of future lease payments, with the exception of variable lease payments, short term and low value leases. Interest expense will be recognised from the accretion of lease liabilities over the lease term and a depreciation charge will be recognised on the ROU assets. There are additional disclosure requirements under the new standard.

The Company will implement the standard as at 1 July 2019. For contracts in place at this date, the Company will continue to apply its existing assessment of leases under current accounting standards ("grandfathering"), instead of reassessing whether existing contracts are or contain a lease at the date of application of the new standard. Contracts signed after 1 July 2019 will be assessed against the lease identification criteria under IFRS 16.

The Company's lease portfolio largely consists of land and buildings for its offices and retail stores. Lease contracts contain a wide variety of terms and conditions and are negotiated individually. The leases identified as at 30 June 2019 have a non-cancellable period of 1-10 years and may include options to extend.

The Company's undiscounted non-cancellable operating lease commitments of £37,056,000 at 30 June 2019 under IAS 17 Leases are shown in note 20.

On transition, the Company will apply the modified retrospective approach as permitted by IFRS 16. Under this approach, the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application (1 July 2019). Comparative figures for the year ended 30 June 2019 will not be restated to reflect the adoption of IFRS 16 but instead continue to reflect the Company's accounting policies under IAS 17 Leases.

The impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's incremental borrowing rate post 1 July 2019, the composition of the Company's lease portfolio and the new accounting policies, which are subject to change until the Company presents the financial statements as at 30 June 2020.

IFRIC 23 Uncertainty over income tax treatments - 1 January 2019

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date of 1 July 2019.

There are no other standards that have been issued but are not yet effective and that are expected to have a material financial impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. Estimates and judgements 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Revenue recognition

The Company applies judgement in determining whether it is acting as principal or agent in the provision of travel services based on whether it controls the goods and services before they are transferred to the customer.

(ii) Override revenue

In addition to commission payments, the Company is eligible for override payments from its suppliers. These overrides are negotiated with individual suppliers and will typically include a combination of guaranteed payments and volume incentives. The volume incentives are recognised at the amount receivable when annual targets are likely to be achieved.

Override income contains a judgemental accrual based on an analysis of current and future expected trading taking into account historical and newly negotiated contracts. Where signed contracts are not secured in a timely manner, a naturally more conservative approach is taken in any judgement.
At 30 June 2019, the carrying value of override receivables was £13,432,000 (2018: £14,684,000), which is included within trade receivables in note 14.

(iii) Income taxes

The Company is subject to income taxes in the UK. The Company makes estimates and judgements in determining the income tax expense for financial statement purposes and recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Currently, there are no anticipated tax audit issues. Further details on taxes are disclosed in note 9.

4 Divisional information

Description of segments

Business segments

The Company operates in one business segment, the sale of travel and travel-related services and products.

Geographical segments

The Company operates in one geographic segment, being the UK.

5 Revenue

	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated
Total transaction value (TTV) *	**1,214,207**	1,166,096
Revenue from the provision of travel as agent	**83,167**	84,869
Revenue from the provision of travel as principal	**92,381**	96,746
Revenue from the provision of travel services	**175,548**	181,615
Management fee income received from Flight Centre (UK) Wholesale Limited	**77,489**	81,646
Other revenue	**10,645**	7,944
Total revenue	**263,682**	271,205

* Total Transaction Value (TTV) does not represent revenue in accordance with IFRS. TTV represents the price (net of VAT) at which travel products and services have been sold across the Company's various operations, as agent for various airlines and other service providers, plus revenue from other sources. The Company's revenue is derived from TTV.

Management fee income received from a subsidiary undertaking represents the amount receivable from Flight Centre (UK) Wholesale Limited in relation to management services provided. The total management fee income for the year is £77,489,000 (2018: £81,646,000).

6 Operating profit

(a) Expenses by nature

	Notes	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated
Profit before income tax includes the following specific expenses:			
Cost of sales from the sale of travel as principal		**86,336**	92,657
Cost of sales		**86,336**	92,657
Wages and salaries		**75,502**	76,426
Pension costs	18	**2,563**	2,445
Social security costs		**8,270**	8,397
Total staff costs		**86,335**	87,268
Total depreciation	10	**4,308**	4,104
Total amortisation	11	**896**	778
Loss on disposal of property, plant and equipment	10	**59**	414
Operating lease payments		**8,661**	8,595
Royalties	22	**3,421**	7,530
Foreign exchange loss		**20**	5
Other expenses		**47,386**	44,637
		64,751	66,063

During the financial year the Company obtained the following services from the Company's auditor:

Fees payable to the Company's auditor for audit of the Company financial statements		**93**	88
Fees payable to the Company's auditor for other services			
- tax services		**27**	8
- other services		**66**	13
		186	109
Operating expenses		**151,272**	153,440

Royalties are recognised in accordance with the relevant licence agreements each period. Any differences between the estimated and actual royalties are adjusted for in the following year.

6 Operating profit (continued)

(a) Expenses by nature (continued)

Operating expenses are classified as follows:

	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated
Selling and distribution expenses	**10,953**	10,356
Administrative expenses	**140,319**	143,084
	151,272	153,440

(b) Employee information

The full time equivalent (FTE) average monthly number of persons employed by the Company during the year including executive directors was:

	2019 Number	2018 Number
Consultants	**1,167**	1,273
Administration	**531**	540
	1,698	1,813

(c) Key management personnel compensation

Directors' remuneration

	2019 £'000	2018 £'000
Aggregate emoluments	**1,851**	1,699
Pension contributions	**-**	-
	1,851	1,699
Aggregate emoluments include:		
Short term benefits	**868**	1,038
Long term incentive plan	**983**	661
	1,851	1,699

The long term incentive plan is payable to the directors in future years if longevity and results targets are reached.

6 Operating profit (continued)

(c) Key management personnel compensation (continued)
Directors' remuneration (continued)

	2019 Number	2018 Number
Number of directors to whom retirement benefits are accruing under a defined contribution scheme	1	1
The number of directors who exercised share options	-	-
The number of directors who received share options under long term incentive schemes	1	1

Highest paid director

	2019 £'000	2018 £'000
Amounts included above:		
Aggregate emoluments	1,851	1,699
Pension contributions	-	-
	1,851	1,699

G Turner received no remuneration (2018: £nil) from the Company in respect of his services as a director of Flight Centre (UK) Limited. His emoluments are paid by the ultimate parent company, Flight Centre Travel Group Limited, which makes no recharge to the Company. The director to whom pension contributions are accruing has frozen contributions in the current and prior year.

Key management personnel compensation

	2019 £'000	2018 £'000
Aggregate emoluments	2,795	2,884
Pension contributions	41	45
	2,836	2,929

The key management personnel are considered by the directors to be the directors of the Company and the five executives with the greatest authority for the strategic direction and management of the Company.

7 Cash flow from operating activities

	Notes	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated
Cash generated from operations			
Profit before income tax		**28,420**	26,767
Adjustments for:			
- Depreciation of property, plant and equipment	10	**4,308**	4,104
- Amortisation of intangible assets	11	**896**	778
- Loss on disposal of property, plant and equipment	10	**59**	414
- Loss on disposal of intangible assets	11	**5**	97
- Finance income	8	**(2,484)**	(1,775)
- Finance expense	8	**138**	116
Changes in working capital (excluding effects of acquisitions and disposal of subsidiaries):			
- Increase in trade and other receivables		**(15,059)**	(8,262)
- Increase / (decrease) in trade and other payables and provisions for other liabilities and charges		**3,866**	(12,661)
Cash generated from operations		**20,149**	9,578

8 Finance income and costs

	30-Jun 2019 £'000	30-Jun 2018 £'000
Finance income		
Bank interest receivable	**123**	72
Interest receivable on amounts owed by group undertakings	**2,079**	1,449
Interest receivable on employee incentive scheme	**282**	254
	2,484	1,775
Finance costs		
Interest payable on amounts owed to group undertakings	**137**	107
Interest payable to external parties	**1**	9
	138	116
Net finance income	**2,346**	1,659

9 Income tax expense

	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated
(a) Income tax expense		
Current tax:		
Tax on profit for the year	**5,670**	5,796
Adjustment in respect of previous years	**(67)**	118
	5,603	5,914
Deferred tax:		
Origination and reversal of timing differences	**(407)**	(473)
Adjustment in respect of previous years	**(137)**	(186)
	(544)	(659)
Total tax charge	**5,059**	5,255

(b) Reconciliation of income tax expense

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

The differences between the actual tax charge and the standard rate of corporation tax is explained as follows:

	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated
Profit before income tax	**28,420**	26,767
Tax at UK tax rate of 19.00% (2018: 19.00%)	**5,400**	5,086
Tax effect of amounts:		
Expenses not allowable for tax purposes	**165**	257
Adjustments in respect of previous years - deferred tax	**(137)**	(186)
Adjustments in respect of previous years - current tax	**(357)**	118
Group losses utilised	**(12)**	(20)
Income tax expense	**5,059**	5,255

(c) Factors affecting future tax charges

The Chancellor announced in the Budget on 16 March 2016 that the main rate of UK corporation tax will reduce to 17% from 1 April 2020 and this was enacted on 15 September 2016.

10 Property, plant and equipment

	Notes	Fixtures and fittings	Other property, plant and equipment	Total
		£'000	£'000	£'000
At 30 June 2017				
Cost		23,896	8,436	32,332
Accumulated depreciation		(14,246)	(5,821)	(20,067)
Net book amount		9,650	2,615	12,265
Year ended 30 June 2018				
Opening net book amount		9,650	2,615	12,265
Additions		2,912	1,201	4,113
Disposals		(781)	(2,795)	(3,576)
Depreciation write back on disposals		383	2,779	3,162
Depreciation charge	6 (a)	(2,805)	(1,299)	(4,104)
Closing net book amount		9,359	2,501	11,860
At 30 June 2018				
Cost		26,027	6,842	32,869
Accumulated depreciation		(16,668)	(4,341)	(21,009)
Net book amount		9,359	2,501	11,860
Year ended 30 June 2019				
Opening net book amount		9,359	2,501	11,860
Additions		1,965	1,098	3,063
Disposals		(1,373)	(215)	(1,588)
Depreciation write back on disposals		1,325	204	1,529
Depreciation charge	6 (a)	(2,882)	(1,426)	(4,308)
Closing net book amount		8,394	2,162	10,556
At 30 June 2019				
Cost		26,619	7,725	34,344
Accumulated depreciation		(18,225)	(5,563)	(23,788)
Net book amount		8,394	2,162	10,556

11 Intangible assets

	Notes	Goodwill £'000	Computer software £'000	Other intangible assets £'000	Total £'000
At 30 June 2017					
Cost		1,646	7,024	424	9,094
Accumulated amortisation and impairment		-	(3,682)	(258)	(3,940)
Net book amount		1,646	3,342	166	5,154
Year ended 30 June 2018					
Opening net book amount		1,646	3,342	166	5,154
Additions		-	1,442	22	1,464
Disposals		-	(1,411)	(42)	(1,453)
Amortisation writeback on disposals		-	1,356	-	1,356
Amortisation charge	6 (a)	-	(765)	(13)	(778)
Closing net book amount		1,646	3,964	133	5,743
At 30 June 2018					
Cost		1,646	7,055	404	9,105
Accumulated amortisation and impairment		-	(3,091)	(271)	(3,362)
Net book amount		1,646	3,964	133	5,743
Year ended 30 June 2019					
Opening net book amount		1,646	3,964	133	5,743
Additions		-	528	2	530
Disposals		-	(265)	(15)	(280)
Amortisation writeback on disposals		-	265	10	275
Amortisation charge	6 (a)	-	(869)	(27)	(896)
Closing net book amount		1,646	3,623	103	5,372
At 30 June 2019					
Cost		1,646	7,318	391	9,355
Accumulated amortisation and impairment		-	(3,695)	(288)	(3,983)
Net book amount		1,646	3,623	103	5,372

The amortisation of intangible assets is included in operating expenses in the statement of comprehensive income.

Goodwill
Taking into account a reasonable range of assumptions, the Company has not identified any indicators which would lead to impairment.

12 Investment in subsidiaries

Company	Total
Cost and net book value	£'000
At 30 June 2018	291
At 30 June 2019	**291**

Name of undertaking	Country of incorporation	Effective holding	Proportion of voting rights	Nature of business
Flight Centre (UK) Wholesale Limited	United Kingdom	100%	100%	Wholesale company
Flight Centre Moneywise Limited	United Kingdom	100%	100%	Trading company
Travel Money Currency Exchange (UK) Limited	United Kingdom	100%	100%	Dormant company
The Gapyear Company Limited	United Kingdom	100%	100%	Dormant company

The directors believe that the carrying value of the investments is supported by their underlying net assets.

13 Deferred income tax assets

The balance comprises temporary differences attributable to:

	30-Jun 2019 £'000	30-Jun 2018 £'000
Decelerated capital allowances	**2,854**	2,310
Expected settlement		
In excess of 12 months	**2,854**	2,310
	2,854	2,310

The utilisation of deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The recognition of the deferred tax asset is evidenced by forecasts of taxable income.

13 Deferred income tax assets (continued)

Movements

	Notes	Capital allowances £'000	Total £'000
At 30 June 2017		1,651	1,651
Credited to the statement of comprehensive income	9 (a)	659	659
At 30 June 2018		2,310	2,310
Credited to the statement of comprehensive income	9 (a)	544	544
At 30 June 2019		**2,854**	**2,854**

There are no amounts of unprovided deferred tax (2018: £nil).

14 Trade and other receivables

	30-Jun 2019	30-Jun 2018 As restated	30-Jun 2017 As restated
Current	**£'000**	£'000	£'000
Trade receivables			
Trade receivables	**85,508**	83,566	76,607
Less: Provision for impairment of receivables	**(1,178)**	(1,178)	(1,041)
Trade receivables - net	**84,330**	82,388	75,566
Other receivables			
Short term loans to related parties	**100**	937	-
Deposits refundable	**106**	199	199
Value added tax receivable	**385**	3,168	-
Available-for-sale assets	**4**	4	4
Prepayments and accrued income	**33,211**	29,627	33,231
	33,806	33,935	33,434
Total current	**118,136**	116,323	109,000
Non-current			
Amounts owed by group undertakings	**57,812**	42,817	38,024
Long term loans to related parties	**100**	-	-
Prepayments and accrued income	**129**	-	-
Total non-current	**58,041**	42,817	38,024
Total trade and other receivables	**176,177**	159,140	147,024

Amounts owed by group undertakings are unsecured and bear interest at 2.35% (2018: 2.21%).
Other assets are unsecured, interest free and are due within their payment terms.

14 Trade and other receivables (continued)

(a) Impaired receivables

The Company applies the IFRS 9 simplified approac to measuring expected credit losses using a liufetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivabes and supplier incebtives receivables are grouped based on similar credit risk.

The expected loss rates are based on the Company's historical credit losses experienced, adjusted for current and forward looking information affecting the Company's customers.

As at 30 June 2019 the lifetime expected loss provision for trade receivables is as follows:

Brand	Average expected loss rate	Gross carrying amount £'000	Loss provision £'000
Corporate	1.3%	48,601	634
Retail	1.7%	15,928	278
Supplier incentives	1.2%	13,430	167
Other	1.3%	7,549	99
		85,508	1,178

As at 30 June 2018 the lifetime expected loss provision for trade receivables is as follows:

Brand	Average expected loss rate	Gross carrying amount £'000	Loss provision £'000
Corporate	1.4%	47,253	652
Retail	1.8%	16,141	292
Supplier incentives	1.1%	14,684	156
Other	1.4%	5,487	78
		83,566	1,178

Movements in the provision for impairment of receivables are as follows:

	30-Jun £'000	30-Jun £'000 As restated	30-Jun £'000 As restated
Carrying amount at start of year	**1,178**	1,041	575
Restated through opening retained earnings (refer note2(p))	**-**	-	466
Provided during the year	**226**	203	-
Amounts reversed in the year	**(226)**	(66)	-
	1,178	1,178	1,041

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

15 Cash and cash equivalents

	30-Jun 2019 £'000	30-Jun 2018 £'000
Cash at bank and in hand	**48,796**	38,159
Client bank balances	**40,116**	39,206
	88,912	77,365

16 Trade and other payables

	30-Jun 2019 £'000	30-Jun 2018 £'000	30-Jun 2017 £'000
Current		As restated	As restated
Trade creditors	**72,353**	73,007	46,621
Amounts owed to group undertakings	**33,878**	34,782	59,335
Value added tax payable	-	-	161
Other taxation and social security	-	2,238	2,126
Lease incentives	**447**	467	396
Deferred income	**35,049**	28,884	35,949
Other payables	**7,206**	5,616	5,204
Total current	**148,933**	144,994	149,793
Non-current			
Amounts owed to group undertakings	-	65	4,624
Lease incentives	**1,562**	1,932	2,314
Deferred income	**2,283**	2,664	3,045
Other payables	**750**	-	-
Total non-current	**4,595**	4,661	9,983
Total trade and other payables	**153,528**	149,655	159,776

As at 30 June 2019 all current trade and other payables are unsecured, interest free and expected to be settled within 12 months.

Non current amounts owed to group undertakings are unsecured and bear interest at a rate of 2.55% (2018: 2.41%). The Company has the right to defer settlement for 12 months from the date of this report.

The Company operates an employee incentive scheme under which store managers are able to share in up to 10% of the profit of their store in return for an investment of funds the value of which is calculated based on the store's historic profit performance. The balance of these employee incentives is £4,975,000 (2018: £4,607,000). As part of this scheme, the Company has set up notional loans to some of the store managers, which attract interest charges of 6.0% to 9.0%. They are unsecured and repayable on demand. It has been concluded that there is a right to offset the related employee loans of £3,664,000 (2018: £3,918,000) against these employee incentives. The balance of the investments, net of the notional loans is £1,311,000 (2018: £689,000) and is recognised within other payables.

17 Provisions for other liabilities and charges

The decommissioning provision was made at the start of the lease for costs associated with bringing all shops and buildings that the Company leases back to their original state when the site is vacated. A provision is calculated for each property based on the type of shop and building.

Movements in provisions

The movements in the provision during the financial year are set out below:

	Decommissioning provision	
	30-Jun 2019 £'000	30-Jun 2018 £'000
Non-current		
Carrying amount at start of year	486	504
Additional provisions recognised	-	15
Amounts used during the year	(17)	(40)
Discount unwinding	10	7
Carrying amount at end of year	**479**	486

The decommissioning provision is expected to be utilised by 2029.

18 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £2,563,000 (2018: £2,445,000). No amounts were either prepaid or owed at the financial year end.

19 Share capital

	30-Jun 2019 £'000	30-Jun 2018 £'000
(a) Share capital		
4,603,982 (2018: 4,603,982) ordinary shares of £1 each	**4,604**	4,604

(b) Ordinary shares

All ordinary shares rank equally with one vote attached to each fully paid ordinary share. No restrictions to distributions to Company shareholders.

20 Commitments and contingencies

(a) Commitments

The Company leases various properties under non cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases include the following commitments:

	30-Jun 2019 £'000	30-Jun 2018 £'000
Within one year	**7,731**	7,722
Later than one year but not later than five years	**25,776**	25,569
Later than five years	**3,549**	9,924
	37,056	43,215

As at 30 June 2019 the Company had no capital commitments (2018: £nil).

(b) Guarantees

The Company has provided the following guarantees at 30 June 2019:

A guarantee for the obligations and liabilities of Flight Centre Moneywise Limited, a wholly owned subsidiary, to a maximum amount of £250,000 (2018: £250,000).

A guarantee for the use of Airplus purchasing card for Flight Centre Travel Group (Europe) AB, a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia, EUR 400,000 (2018: EUR 400,000).

A guarantee for the use of Airplus purchasing card for Flight Centre Travel Group (Germany) GmbH, a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia, EUR 400,000 (2018: EUR 400,000).

A guarantee for the use of Nordea Bank purchasing card for Flight Centre Travel Group (Europe) AB, a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia, SEK nil (2018: SEK 1,000,000).

A guarantee to enable sales of rail tickets in Sweden for Flight Centre Travel Group (Europe) AB, a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia, SEK 2,900,000 (2018: SEK 2,900,000).

(c) Contingent liabilities

As at 30 June 2019 the Company had no contingent liabilities or assets (2018: £nil).

21 Financial risk management

The Company is exposed to financial risks, including liquidity risk, credit risk, market risk, transactional risk, supplier insolvency risk and capital risk. The Company has limited exposure to price risk given that, regardless of whether it transacts as a principal or agent, it is seen by the consumer as an on seller of its suppliers' land or air products and as such, as with the rest of the industry, is able to pass on to its customers any price fluctuations. The Company has in place a risk management team, which reports to the chief financial officer, which seeks to limit the adverse effects of these financial risks on the financial performance of the Company. The Company's approach to these risks is discussed below.

The Company holds the following financial instruments:

	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated	30-Jun 2017 £'000 As restated
Financial assets			
At amortised cost			
Trade and other receivables	**84,968**	84,042	78,086
Amounts owed by group undertakings	**57,812**	42,817	38,024
Cash and cash equivalents	**88,912**	77,365	77,974
	231,692	204,224	194,084

The fair value of loans and receivables represents the net amount expected to be received after provisions for impairments have been made.

	30-Jun 2019 £'000	30-Jun 2018 £'000 As restated	30-Jun 2017 £'000 As restated
Financial liabilities			
At amortised cost			
Trade and other payables	**82,318**	81,022	56,822
Amounts owed to group undertakings	**33,878**	34,847	63,959
Provisions for other liabilities and charges	**479**	486	505
	116,675	116,355	121,286

The carrying value approximates to the fair value of the financial instruments.

The fair value of trade and other payables represents expected cash outflows to third party suppliers.

(a) Market risk

(i) Foreign exchange risk

The Company faces limited exposure to foreign exchange fluctuations. The only potential area to have a material impact on the Company's results relates to the settlement of some transactions with Flight Centre Travel Group Limited. The majority of transactions are recorded in Sterling. Where there is a foreign exchange fluctuation this is absorbed in the business' operating results.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	30-Jun 2019		30-Jun 2018	
	AUD £'000	**EUR £'000**	AUD £'000	EUR £'000
Financial assets				
Cash and cash equivalents	-	**750**	-	1,251
Financial liabilities				
Trade and other payables	-	-	65	-

As at 30 June 2019 all financial liabilities are expected to be settled within 12 months.

21 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Company has limited exposure to interest rate risk as the Company's only borrowings relate to inter-company operational transactions and royalties paid to its parent, Flight Centre Travel Group Limited. This is offset by cash repatriated to Flight Centre Travel Group Limited on which interest is earned. The fluctuations on these two interest rates is directly linked.

(b) Credit risk

To mitigate customer credit risk, the Company employs policies that require credit checks on potential customers before sales are made. On an ongoing basis debtors are rigorously monitored for adherence to terms. To mitigate credit risk in relation to cash and deposits with financial institutions, the Company only places deposits with major UK high street banks.

The Company's trade receivables at the reporting date are disclosed in note 14.

(c) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. This risk is managed through effective credit control procedures (including managing credit risk) and detailed financial reviews regarding the acceptance of any proposed significant financial obligations to ensure that the Company can continue to meet its liabilities as they fall due.

The Company's trade and other payables at the reporting date are disclosed in note 16.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities by their contractual maturity date at the reporting period's end. The amounts disclosed in the table are the contractual undiscounted cash flows.

Year ended 30 June 2019	**On demand**	**Less than 12 months**	**Over 12 months**	**Total contractual cash flows**	**Carrying amount**
	£'000	£'000	£'000	£'000	£'000
Trade creditors	-	72,353	-	72,353	72,353
Amounts owed to group undertakings	33,878	-	-	33,878	33,878
Other payables	-	7,653	2,312	9,965	9,965
Provisions for other liabilities and charges	-	-	488	488	479
Total non-derivatives	**33,878**	**80,006**	**2,801**	**116,685**	**116,675**

Year ended 30 June 2018	**On demand**	**Less than 12 months**	**Over 12 months**	**Total contractual cash flows**	**Carrying amount**
	£'000	£'000	£'000	£'000	£'000
Trade creditors	-	73,007	-	73,007	73,007
Amounts owed to group undertakings	34,782	-	65	34,847	34,847
Other payables	-	8,321	1,932	10,253	10,253
Provisions for other liabilities and charges	-	-	493	493	486
Total non-derivatives	34,782	81,328	2,490	118,600	118,593

21 Financial risk management (continued)

(d) Transactional risk

Due to the nature of a retail business the Company is exposed to a risk of fraud on customer transactions. To mitigate this risk the Company has in place credit card and banking policies which form part of the Company's minimum standards. Ensuring adherence to these standards forms part of the monthly internal audit process.

(e) Supplier insolvency risk

If a supplier were to be declared bankrupt or insolvent, the Company would have financial exposure. Any risk is mitigated by diversification of suppliers, use of national scheduled carriers and, where possible, transacting with those of the Company's preferred suppliers who are ABTA (Association of British Travel Agents)/ ATOL (Air Travel Organisers' Licensing)/ IATA (International Air Transport Association) members.

(f) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The Company currently has no external borrowings.

22 Related party transactions

Flight Centre (UK) Limited is a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia. All members of the Flight Centre Travel Group are considered to be related parties of Flight Centre (UK) Limited.

			30-Jun	30-Jun
Related party	**Nature of transactions**		**2019**	2018
Assets as per the statement of financial position		Notes	**£'000**	£'000
Flight Centre Travel Group Limited (Australia)	Opening balance		**42,817**	38,024
Ultimate parent in Australia	Other operational transactions		**14,989**	4,793
	Outstanding balance		**57,806**	42,817
Flight Centre Travel Group (Europe) AB	Opening balance		**268**	-
Subsidiary of ultimate parent	Short term loan		**(268)**	268
	Outstanding balance		**-**	268
Flight Centre Moneywise Limited	Opening balance		**-**	2
Subsidiary	Operational transactions		**6**	(2)
	Outstanding balance		**6**	-
Flight Centre Travel Group (European Holdings) Ltd	Opening balance		**409**	-
Subsidiary of ultimate parent	Short term loan		**(409)**	409
	Outstanding balance		**-**	409
Advances and credits granted by the Company to a director			**200**	260

An amount of £60,000 was repaid during the current year (prior year £nil). No amounts were written off or waived. The loan has an effective interest rate of 1.2%.

Total owed by other entities	**Outstanding balance**		**58,012**	43,754
Liabilities as per the statement of financial position				
Flight Centre Travel Group Limited (Australia)	Opening balance		**(65)**	(4,624)
Ultimate parent in Australia	Other operational transactions		**3,486**	8,095
	Royalty charge	6	**(3,421)**	(7,530)
	Royalty paid			3,994
	Outstanding balance		**-**	(65)
Flight Centre Moneywise Limited	Opening balance		**(20)**	-
Subsidiary	Operational transactions		**20**	(20)
	Outstanding balance		**-**	(20)
Flight Centre (UK) Wholesale Limited	Opening balance		**(34,762)**	(59,333)
Subsidiary	Operational transactions		**884**	24,571
	Outstanding balance		**(33,878)**	(34,762)
Total owed to other entities	**Outstanding balance**		**(33,878)**	(34,847)

22 Related party transactions (continued)

Inter-company loan

Flight Centre (UK) Limited has inter-company loans from Flight Centre Travel Group Limited. The balances outstanding at 30 June 2019 are £57,396,000 asset (2018: £42,817,000) and £nil (2018: £65,000) liability. The loan is interest bearing with interest receivable at 2.35% (2018: 2.21%) and payable at 2.55% (2018: 2.41%) per annum. The loan has no fixed terms of repayment.

Key management and personnel compensation.

Please refer to note 6 for the details of key management and personnel compensation.

Transactions with associates

Flight Centre (UK) Limited earned commission income from Top Deck Tours Limited of £48,000 (2018: £34,000).

Flight Centre (UK) Limited earned commission income from Back Roads Touring Co. Limited of £20,000 (2018: £3,000).

23 Subsequent events

On 28 August 2019 the Company declared and paid a dividend of £25,000,000 to its shareholder.

24 Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is Flight Centre Travel Group Limited, a company incorporated in Brisbane, Australia. Flight Centre Travel Group Limited has included the Company in its consolidated financial statements. Copies of Flight Centre Travel Group Limited consolidated financial statements can be obtained from the Australian Stock Exchange website at http://www.asx.com.au or company secretary at Southpoint, 275 Grey Street, South Brisbane, Queensland, Australia, 4101.

Flight Centre Travel Group Limited is the smallest and largest undertaking to consolidate these financial statements.